



Minutes

Audit and Risk Committee meeting held at 9.00am on Wednesday, 2 December 2020 - Virtual Meeting.

1 Present

Mr Peter Knights (Chair)
Mr Tony Roberts
Ms Lynn Jensz
Cr Murray Emerson
Cr Kevin Erwin

Ms Liana Thompson, Chief Executive Officer
Mr Vaughan Williams, Director Corporate Services
Mr Malcolm Lewis, Acting Manager Financial Services
Mrs Natalie Martin, Coordinator Financial Sustainability
Mr Phil Delahunty, RSD Auditors (Item 9.1 & 9.2)
Ms Blessing Mendoza, RDS Audit (Item 9.1 & 9.2)
Mr Daryl Clifton, Acting Manager People & Culture (Item 6.1)
Ms Jay Petty, Project Manager Corporate (Item 7.2)

2 Apologies

Nil

3 Disclosures of a Conflict of Interest at a Council Auspiced Meeting

Nil

4 Confirmation of Minutes from the Previous Meeting

Confirmation of minutes from the Northern Grampians Shire Council Audit Committee meeting held, Wednesday 16 September 2020.

Moved: Ms Lynn Jenz

Seconded: Cr Kevin Erwin

Carried

5 Matters Arising from the Minutes

VAGO Local Road Maintenance Efficiency Audit

Item deferred to 3 March 2021 Audit & Risk Committee Meeting.

No other matters arising.

6 General Business

6.1 OHS Management Report

Mr Daryl Clifton joined the meeting and spoke to the OH&S Management Report. It was noted that only one item remains outstanding from the report with all other items now closed off. It is the intention that this will be completed by the due date of 11 December 2020.

Further reports are to be provided to the committee on a regular basis for review.

Attachments

1. 202011 OHS Management System Sept- Oct Report [**6.1.1** - 9 pages]

OHS Bi-monthly Report

September - October 2020



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OHS Bi-monthly Report

September - October 2020



High Risk Incidents

Incident

Description

[650023UR2](#)
[Q20](#) Employee sustained an injury - possibly their back - whilst working at the Stawell Pound. Unable to bend and is shaking. An ambulance has been called to transport them for treatment.

Root cause = Failed to follow safe work practices, turned back on dog

Corrective actions = Upgrade design of enclosure to enable animals to be isolated when being exercised.

Add animal handling protocols to the pound induction template.

Incident

Description - (Notifiable)

[648973CA20](#)
[20](#) The plumber was installing a drinking fountain at SSAC and had cut the back of his right hand. The plumber called Emma immediately to assist in bandaging the wound and then take him to hospital. After treatment at Stawell Plumber was sent to Warrnambool to receive surgery to mend a cut tendon.

Root cause = Unable to clearly identify

Corrective action. HSR - Ben Hodgetts Get free standing drinking fountains (designed to go through the floor) - already have holes in place. Wear Glove Raised at Parks and facility Maintenance team meeting 27-10-2020

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Incident	Description
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647247HK2 020	Non compliant scaffolding
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Root cause = When the Subcontractors employees realised that scaffolding couldn't reach the east end corner of the room they should of contacted there employer or NGSC for some extra scaffolding instead of working off an unsafe plank,
Corrective actions = The subcontractor was made aware of his OH&S responsibility when working at heights, I also explained & supplied the subcontractor with the new Industrial manslaughter laws that are currently in place in victoria.

Incident	Description
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646951XW20 20	Works have commenced on the second Landsborough Road bridge. As per the first bridge there is asbestos onsite. We were aware of the asbestos under the bridge and that it will not be touched but also some hidden between concrete on the old curb which needs to be removed. This was the same on the first bridge we did so included this on the SWMS. Had a trained person undertake the removal and they were the only ones onsite while the works were undertaken. Only a very small quantity. Now removed and works are progressing.
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Corrective actions = Asbestos removalist invoice added to files section of report

Incident	Description
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646449EE2 020	Staff member has collided with a travelling bee swarm in a truck with the window down and has sustained multiple bee stings.
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Root cause = No root cause found

Corrective actions = Discuss protocols regards plant windows down. Review serious incident and near miss flow chart at all team meetings

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Incident

Description

[647026VR2020](#) tipped over the little roller while rolling topsoil

Root cause = should have rolled up and down instead of going across the slope

Corrective actions = Induct employees on wacker roller

Legislative Updates

Safe Work Australia

Safe Work Australia has updated the model *Work Health and Safety Regulations (Hazardous Chemicals) Amendment 2020* and explanatory statement for the transition to GHS 7.

The updates correct an error that could have required businesses to relabel old stock of hazardous chemicals in some circumstances. To help businesses understand the changes required under GHS 7, Safe Work Australia has published a dedicated GHS 7 web page and suite of information sheets. For more information, go to the [GHS 7 web page](#).

Procedures for Review

OHS Smoke Free Workplace Procedure - Due for review

OHS Noise Management Procedure - Due for review

OHS Extreme Weather Procedure - Due for review

OHS Working in Isolation Procedure - Currently being updated and personal duress alarms are being researched.

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WorkSafe Audit: Remedial Action Plan Update

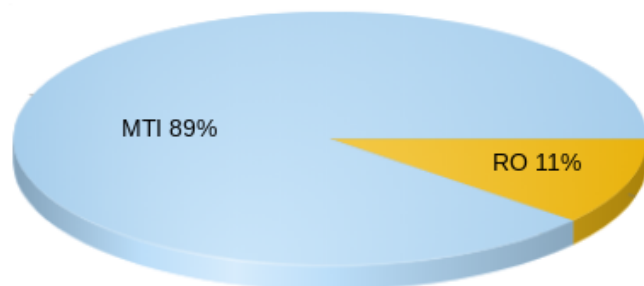
More evidence was requested by Worksafe on some of the remedial actions (Washdown showers meeting Australian standards plumbers report)

The final item to comply is our Internal audit to be completed next week.

Incident/Hazard trend analysis

Trends

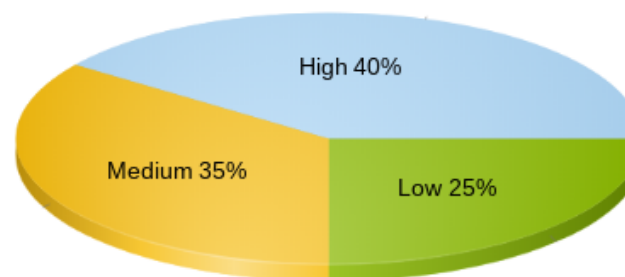
Injury Classification



MTI - Medical Treatment Injury - 8 incidents
RO - Report Only - 1 incident

Machine incidents are trending down

Risk Rating



High Risk - 8 incidents
Medium Risk - 7 incidents
Low Risk - 5 incidents

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Outstanding Incident Investigations

All Incident Investigations have been completed. Nothing outstanding.

Notifiable Incidents/WorkSafe Entry Reports

There have been 1 Notifiable Incidents in the past 30 days.

- Elumina [648973CA2020](#) Plumber incident

There have been 1 WorkSafe Entry Reports in the past 30 days.

- InfoXpert, 660347 Plumber incident

Wellbeing Program update

Data for Wellbeing Survey is being collated and will be available to the Leadership Team next week.

We have 9 staff members who undertook Mental Health First Aid Training in October. We'll be putting together policies and procedures around Mental Health and Wellbeing at NGSC and having monthly meetings to discuss improvements and issues that arise in this space.

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OHS Management Action Plan

Strategy	Action	Responsibility	Performance Indicator	Target	Comments / Update	Recommendations for Improvement
Develop a systematic approach for training needs & delivery across all business units	Finalise Council wide OHS Training Needs Analysis and incorporate into the Elumina system to allow monitoring & coordination of identified training.	Manager People and Culture	OHS TNA developed and incorporated into Elumina	30 April 2020	TNA has been developed in Elumina.	TNA will be a working document to be added to as new OHS training arises.
Ensure outcomes of the WorkSafe Audit Remedial Action Plan (RAP) are achieved.	Tasks to be allocated through Elumina to relevant departments to ensure actions are completed in a timely manner.	Executive Leadership Team	Completion of Remedial Action Plan and outstanding items to be moved into the following year's OHS Management Plan	1 July 2020	New items have come back from WorkSafe and will be completed by December 11	
Implement quarterly workplace inspection program	Conduct quarterly workplace inspections Develop a schedule where local HSR's complete inspections in consultation with the P & C Team.	Manager People and Culture	100% completion of inspections in accordance with schedule	100% compliance with inspection schedule	New Workplace Inspection Form in ElementOrg and inspection schedule in Elumina developed.	Walking through with HSR's in their area and showing them how to use the inspection form

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Improve contractor health and safety management systems.	Implement contractor management compliance monitoring program with agreed upon KPI's	ELT - Driven by Director Infrastructure	Program implemented	Finalise by 30 June 2020	Contractor monitoring form and schedule developed. KPI's agreed on.	Monitoring of compliance with KPI's
Engage with senior leaders on OHS matters.	Provide reports to senior leaders on OHS performance in line with OHS Management Plan.	Manager People and Culture	Reports delivered monthly	100% compliance with monthly schedule	This report is to circulate bi-monthly instead of monthly to align with the OHS Committee Meeting	
KPIs identified and included into Executive Leadership Team objectives	Develop OHS related KPIs for each member of the Executive Leadership Team.	Executive Leadership Team	Two OHS related KPIs added to ELT objectives	100% compliance with KPI's	KPI's around safety have been set	
Develop, implement and maintain a coordinated staff safety and wellbeing program.	Identify services gaps that a wellbeing program could fill. Consolidate services into a package of wellbeing programs. (Manual handling)	Manager People and Culture	Documented strategy for two initiatives Reduction in incidents-Reduction in sick leave (Healthy eating, Sunsmart project) Increase in employee engagement/satisfaction	Wellbeing program implemented in next year's plan.	Data from Wellbeing Survey being collated to be available to Leadership Team Research on implementing Skin checks to align with Sunsmart Procedure MHFA Building on Health and Wellbeing Framework	Implementing Skin checks Implementing Mental Health Policies and Procedures

OHS Bi-monthly Report

September - October 2020



			scores through Life! Survey			
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7 Risk Management

7.1 Risk Committee Minutes

The Risk Committee minutes of 5 November 2020 were noted and Mr Vaughan Williams highlighted various items from these minutes including the new process for key control in the organisation, our risk management plans for major projects and new areas, policies due to be reviewed together with the governance schedule.

Ms Lynn Jensz noted that there were several overdue action points from the Risk Committee and asked if these points were being prioritised. Mr Vaughan Williams responded that some had already been completed and that the action points would be reviewed for accuracy.

Attachments

1. 20201105 Risk Committee Minutes [7.1.1 - 45 pages]

Risk Committee Minutes



Date: 5 November, 2020

Attendees: Liana Thompson - CEO
 Vaughan Williams - Director Corporate Services
 Trenton Fithall - Director Infrastructure
 Naomi Goode - Director Communities
 Sara Smith - Manager People & Culture (Acting)
 Mary Scully - Manager Governance & Civic Support
 Malcolm Lewis - Manager Financial Services
 Kylie Allen - Risk & Lease Management Officer

Apologies Nil

		Item	Description	Outcomes
1	Previous Minutes action update (ALL)			Nil to report
2	Policies and procedures development	Sustainable Asset Management Policy 2020 Sustainable Asset Management Strategy	<ul style="list-style-type: none"> in accordance with section 92 of the LGA 2020 <ul style="list-style-type: none"> Service Asset Management Plans required (date?) 	Council adopted 21/9/2020
		Council Key Control Policy	<ul style="list-style-type: none"> New key audit process - developed in elementORG 	Policy to ELT for adoption 3 November
		Waste Management Strategy	<ul style="list-style-type: none"> Circular Economy Goal to reduce harm from waste and pollution, protect communities and the environment from high risk and hazardous wastes/Objective Sustainable Strategic Planning to consistently research and design 	Council adopted 21/9/2020

			waste management services to ensure sustainable and environmental approach is considered to minimise risks	
		Grants Funding Policy	<ul style="list-style-type: none"> to include principles of equity, responsiveness, impact, inclusiveness, capacity building, collaboration and positive customer experience, need for business case, new governance model for grant panel 	Reviewed 7/9/20
		Procurement Policy	<ul style="list-style-type: none"> reviewed 	Adopted 7/9/20 Need to be reviewed post legislation changes (ML)
		Planning Delegation Policy	<ul style="list-style-type: none"> review scheduled for 7/12/20 council meeting - sought advice from Maddocks regarding compliance of delegation within policy who confirmed delegation to Planning Reference Group in Policy needs to be replaced with the establishment of the Planning Reference Group as a delegated committee under s.63 of the LGA 2020. 	Planning delegated committee appointments & terms of reference. Policy to be replaced with TOR & chaired by Councillor - Councillor preference on procedure/thresholds etc? (TF)
		Community Engagement Policy	<ul style="list-style-type: none"> Under review - has community engagement occurred? 	Required (VW)
3	Risk management plans for major projects or undertakings	CAMMS Project Implementation Update (TF)	<ul style="list-style-type: none"> Large projects has mandatory risk assessment requirement, small projects require self assessment of risk application requirement 	Final stages, risk integrated into workflows
		M365 Project (VW)	<ul style="list-style-type: none"> Microsoft Migration TecKno page established to provide awareness & project status 	Risks identified on conversion, training (mentors) & information security
		Community Garden/Off leash dog park (NG)	<ul style="list-style-type: none"> Suggested feedback on moving street parking entrances to adjacent Tennis Club carpark (KA) 	Follow up with TD. Raised beds & moving

			<ul style="list-style-type: none"> Suggested feedback on contaminated soil suitability to community gardening needs (KA) 	gates (NG)
4	Internal and external audit plans/reports	Audit plan development	<ul style="list-style-type: none"> As per audit committee report requirements 	Finalise how to meet this requirement in relation to high risk items from risk register (VW & KA)
5	High risk issues/incidents	Immunisation Incident Investigation findings (NG)	<ul style="list-style-type: none"> Underway with Public Health Planning 	Final report not yet received - root cause was not following procedure & internal communication. New procedure to be developed and training complete (NG)
		High Risk OHS Incidents (SS)	<ul style="list-style-type: none"> Pound attendant hospitalisation Suicide intervention 	Investigation underway
		COVID-19 Pandemic plan review update (NG)	<ul style="list-style-type: none"> Bushfire emergency management COVID Safe Plan? Events & reserve/venue bookings to be reviewed Land manager responsibilities (education & communication) 	State guideline requirements to be implemented. Review relief centre COVID safe plan. Further review aligned with govt restriction changes (NG)
6	Audit Committee	Agenda items/feedback (VW)	<ul style="list-style-type: none"> Minutes unavailable 	Request minutes be uploaded to EDRMS/DoT (KA)
7	Risk Register	Risk register review status	<ul style="list-style-type: none"> Notifications have now been turned on Unreviewed items have now had overdue date added (13/10/2020) for reporting purposes Overdue risk reviews & actions reports x 2 attached 	

8	Risk culture/training	Maddocks Delegations and Authorisations (Kerrie Gibson); Maddocks Conflict of Interest and Councillor Conduct (MS); LMI Roads and Footpaths Inspections (MS)		
		RK Lawyers property roadshow (KA)	<ul style="list-style-type: none"> • Council engagement policy to include land transaction requirements 	
9	Legislative Updates	Stage 3 of the LGA 2020 - 24 Oct (MS)	<ul style="list-style-type: none"> • Overview provided in EmployeeMatters 19 Oct 	
		Local Government (Governance and Transparency) Regulations 2020 (MS)	<ul style="list-style-type: none"> • set out a number of governance and integrity matters including conflicts of interest and personal interests returns and standards of conduct for councillors 	
		Local Government (Planning and Reporting) Regulations 2020 (MS)	<ul style="list-style-type: none"> • part of the new framework relating to council's strategic plans under the LGA 2020 came into operation on 24/10/2020. 	
		COVID-19 Omnibus (Emergency Measures) and Other Acts Amendment Bill 2020 (passed parliament)	<ul style="list-style-type: none"> • to extend the operation of temporary modifications to the law of Victoria enacted for the purpose of responding to the COVID-19 pandemic 22 April 2022 	
10	Victorian Protective Data Security Framework (VPDSF)	Implementation, compliance to standards (MS)	<ul style="list-style-type: none"> • Protective Data Security Plan prepared and submitted to Information Commissioner by legislated due date 31 August; IAR entry commenced. • Elumina reporting option now available 	
11	Governance schedule	Progress against governance schedule milestones (MS)	<ul style="list-style-type: none"> • LGA 2020 implementation. Work undertaken for Stage 3 (proclaimed 24 October 2020) - Councillor induction training schedule prepared by 24 October (election day) to include mandatory matters in Local Government (Governance and Transparency) Regulations 2020; COI and personal interest return wording changes from Regulations in elementORG underway; Community Engagement Policy (not due to 1 March 2021) 	

			has been adopted at ELT level.	
12	Finance	Review of the financial year-end timetable (ML)	<ul style="list-style-type: none"> • Financial report sign off, new council & CEO • Challenging year • Within statutory timeframe because of COVID • Review timeframe for next year • Resource risk next year (Jay & Courtney) • Streamline process to eliminate rework etc 	Scheduled sign off 13/11/2020
13	Other			



























Overdue Summary Report

Northern Grampians Shire Council



camms**risk**

Print Date: 30-Oct-2020























Overdue Risks

Risk Code	Risk Title	Business Unit Manager	Last Reviewed Date	Next Review Date	Initial Risk Assessment	Residual Risk Assessment
OR181	Risk of noise complaints to SSAC tenant and external residents. Risk of hearing damage to employees and patrons due to excessive noise.	Zander McDougall - MANAGER ACTIVE COMMUNITIES	18 Jan, 2019	13 Oct, 2020	Medium 	Low 
OR182	Risk of employees and patrons contracting a communicable disease due to lack of hygiene at SSAC	Zander McDougall - MANAGER ACTIVE COMMUNITIES	18 Jan, 2019	13 Oct, 2020	High 	Low 
OR192	Interdepartmental relations (DHHS, public health, immunisations, HACC, Recovery etc)	Charles Holdenby - MANAGER GOVERNMENT RELATIONS, ENGAGEMENT AND ADVOCACY	18 Jan, 2019	13 Oct, 2020	Low 	Medium 
OR195	Hazardous chemicals used for spraying weeds.	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	High 	Medium 
OR196	Fuels and PFCs/PFAS contaminants in fire fighting foam contaminated groundwater, surface water and soil at Stawell Airport	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	Medium 	Medium 
OR199	Lack of maintaining airport assets	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	Extreme 	High 
OR200	Damage to Aboriginal Cultural Sensitivity area during low to medium impact works on public land.	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	Medium 	Medium 
OR201	Non compliance with heavy vehicle national law.	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	Extreme 	High 
OR204	Costs associated with maintaining roads that may be rationalised to private landowners	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	High 	High 
OR205	Works not being completed to standard	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	High 	Medium 
OR207	Competing priorities to achieve capital vs maintenance budget and projects, emergency events	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	Medium 	Medium 
OR208	Council staff & resources use in an emergency (flood, fire, landslide)	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	High 	Medium 














Overdue Risks

Risk Code	Risk Title	Business Unit Manager	Last Reviewed Date	Next Review Date	Initial Risk Assessment	Residual Risk Assessment
OR210	Works waste being sent to landfill.	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	Medium 	Low 
OR219	Playgrounds	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	Medium 	Medium 
OR220	Hazardous chemicals use in day to day parks & gardens operations	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	Extreme 	Medium 
OR221	Reserves and open public spaces	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	High 	Medium 
OR223	Weather event	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	High 	High 
OR224	Works on public land that may have cultural heritage sensitivity	John Hunt - MANAGER OPERATIONS	23 Jan, 2019	13 Oct, 2020	High 	Medium 
OR225	Failure to maintain living asset	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	High 	Medium 
OR226	Environmental extremes such as drought, heat wave, flood	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	High 	
OR235	Lack of building asset management	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	Extreme 	Medium 
OR236	Asset denigration	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	Extreme 	Medium 
OR239	Building fire	John Hunt - MANAGER OPERATIONS	23 Jan, 2019	13 Oct, 2020	High 	Medium 
OR240	Electrical failure (business continuity)	John Hunt - MANAGER OPERATIONS	23 Jan, 2019	13 Oct, 2020	Medium 	Medium 
OR242	Structural Integrity	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	High 	High 
OR244	Non compliance of maintaining essential safety measures	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	Extreme 	Medium 

Overdue Risks

Risk Code	Risk Title	Business Unit Manager	Last Reviewed Date	Next Review Date	Initial Risk Assessment	Residual Risk Assessment
OR255	Lack of events management	Chantal Thomas - COORDINATOR ENGAGEMENT	18 Jan, 2019	13 Oct, 2020	High 	Low 
OR256	Council may be found liable for obliging/recommending event organisers contact unspecified professionals via event document	Chantal Thomas - COORDINATOR ENGAGEMENT	18 Jan, 2019	13 Oct, 2020	Medium 	High 
OR257	Inadequate major events inspection program	Chantal Thomas - COORDINATOR ENGAGEMENT	18 Jan, 2019	13 Oct, 2020	Medium 	Low 
OR258	Liability for loss/damage due to incidents at Council run and third party events on Council land	Chantal Thomas - COORDINATOR ENGAGEMENT	18 Jan, 2019	13 Oct, 2020	Medium 	Low 
OR259	Liability for loss/damage due to event venue stakeholders, eg special committees, seasonal users, neighbouring residents/businesses	Chantal Thomas - COORDINATOR ENGAGEMENT	18 Jan, 2019	13 Oct, 2020	Medium 	Low 
OR260	Delegation of event management responsibilities can be overlooked on lead up to/day of an event/after the event if no written agreements in place; particularly for Council-run events	Chantal Thomas - COORDINATOR ENGAGEMENT	18 Jan, 2019	13 Oct, 2020	Medium 	Low 
OR261	Risk of damage from traffic flow, changing environments and visibility due to failure to include location of signage in site plans (inability to confirm if signage lost or damaged by)	Chantal Thomas - COORDINATOR ENGAGEMENT	18 Jan, 2019	13 Oct, 2020	High 	Low 
OR262	Managing complexity of requirements & risks for community run events	Chantal Thomas - COORDINATOR ENGAGEMENT	18 Jan, 2019	13 Oct, 2020	High 	High 
OR271	Flammable cladding material	John Hunt - MANAGER OPERATIONS		13 Oct, 2020	Extreme 	Extreme 
OR272	Airport take off or landing accident	John Hunt - MANAGER OPERATIONS		13 Oct, 2020	Extreme 	High 
OR297	Provision of public safety for patrons using facility	Zander McDougall - MANAGER ACTIVE COMMUNITIES		13 Oct, 2020	High 	Medium 

Overdue Risks

Risk Code	Risk Title	Business Unit Manager	Last Reviewed Date	Next Review Date	Initial Risk Assessment	Residual Risk Assessment
OR298	Developer bases planning development on incorrect information/planning approvals/wrong zoning advice	Sarah Peachey - MANAGER REGULATORY SERVICES		13 Oct, 2020	High 	Low 
OR299	Planning approval backlog	Sarah Peachey - MANAGER REGULATORY SERVICES		13 Oct, 2020	High 	Medium 
OR300	Non compliance with statutory timeframes	Sarah Peachey - MANAGER REGULATORY SERVICES		13 Oct, 2020	High 	Medium 
OR301	Planning Scheme not consistent with current Council direction or strategic studies	Sarah Peachey - MANAGER REGULATORY SERVICES		13 Oct, 2020	High 	Medium 
OR302	Approving land use without referring to LUAA requirements	Sarah Peachey - MANAGER REGULATORY SERVICES		13 Oct, 2020	High 	
OR303	Inability to adequately fulfill enforcement obligations under the Planning & Environment Act 1987	Sarah Peachey - MANAGER REGULATORY SERVICES		13 Oct, 2020	High 	High 
OR304	Not maximising opportunities to grow or attract new business investment (including major events) in the region	Sarah Peachey - MANAGER REGULATORY SERVICES		13 Oct, 2020	Medium 	Medium 

Overdue Risk Controls

Control Name	Hierarchy of Controls	Control Owner	Control Owner Rating	Control Authorizer	Control Authorizer Rating	Control Review Date	Control Next Review Date
SR1 : Council Plan achievement							
Capital Work Program		Trenton Fithall - DIRECTOR INFRASTRUCTURE		-			01 Jul, 2020
Long Term Financial Plan		Vaughan Williams - DIRECTOR CORPORATE SERVICES		-			01 Jul, 2020
Strategic Resource Plan		Vaughan Williams - DIRECTOR CORPORATE SERVICES		-			01 Jul, 2020
SR21 : Financial/Service delivery Sustainability							
Revenue & Rating Strategy		Malcolm Lewis - MANAGER FINANCIAL SERVICES		-		01 Mar, 2014	01 Mar, 2018
SR5 : External Government impacts							
Strategic Resource Plan		Vaughan Williams - DIRECTOR CORPORATE SERVICES		-			01 Jul, 2020
OR1 : Incorrect building advice							
Qualified & experienced resources		-		-		27 Feb, 2020	27 Feb, 2020
OR103 : Unsafe work practices							
OHS Responsibility Procedure (in draft)		vacant - MANAGER PEOPLE & CULTURE		-		30 Aug, 2019	30 Aug, 2019
OR106 : Exposure to Dangerous Goods & Hazardous Substances							
Chemical Register (Elumina) including SDS & Risk Assessment		Peter Horwood - OHS ADVISOR		-		30 Aug, 2019	30 Aug, 2020
Training storage and handling - to be reviewed		vacant - MANAGER PEOPLE & CULTURE		-		24 Feb, 2020	24 Feb, 2020

Overdue Risk Controls

Control Name	Hierarchy of Controls	Control Owner	Control Owner Rating	Control Authorizer	Control Authorizer Rating	Control Review Date	Control Next Review Date
OR108 : High Risk Work							
Register of competencies (Elumina)		vacant - MANAGER PEOPLE & CULTURE		-		30 Aug, 2019	30 Aug, 2019
OR111 : Manual Handling							
Manual Handling training & OHS Training procedure		vacant - MANAGER PEOPLE & CULTURE		-		24 Feb, 2020	24 Feb, 2020
OR14 : Lack of monitoring permits to burn							
General Local Law 2012		Sarah Peachey - MANAGER REGULATORY SERVICES		-		01 Jun, 2012	01 Jun, 2020
OR217 : Hazardous trees							
Electrical Line Clearance Management Plan		John Hunt - MANAGER OPERATIONS		-			30 Mar, 2020
OR24 : Potential damage to endangered species of native vegetation due to Council undertaking Road Management Plan works							
Roadside vegetation management plan		John Hunt - MANAGER OPERATIONS		-		26 Jun, 2008	26 Jun, 2011
OR269 : Failure to manage complaints made against councillors and council staff							
Customer Request Management Policy		Chalita Leethong - TEAM LEADER CUSTOMER SUPPORT		-		19 Nov, 2014	19 Nov, 2018
OR270 : Failure to delegate powers under a wide range of acts and regulations							
Instrument of delegation S14 S7 S12		Mary Scully - MANAGER GOVERNANCE		-		15 Mar, 2019	15 Mar, 2020
OR316 : Lack of rigour on evaluation of community grants							
Community Grants Funding Policy		Naomi Goode - DIRECTOR COMMUNITIES		-		01 Jun, 2018	01 Jun, 2020
Tourism Events Funding Policy		Liana Thompson - CHIEF EXECUTIVE OFFICER		-		01 Jun, 2018	01 Jun, 2020

Overdue Risk Controls

Control Name	Hierarchy of Controls	Control Owner	Control Owner Rating	Control Authorizer	Control Authorizer Rating	Control Review Date	Control Next Review Date
OR318 : Fraud involving Council services or activities							
Code of conduct for staff Policy		Mary Scully - MANAGER GOVERNANCE		-		05 Jul, 2016	05 Jul, 2020
Procurement Policy 2019		Malcolm Lewis - MANAGER FINANCIAL SERVICES		-		01 Oct, 2019	01 Oct, 2020
OR319 : Lack of procurement and contract management with Council services							
Procurement Policy 2019		Malcolm Lewis - MANAGER FINANCIAL SERVICES		-		01 Oct, 2019	01 Oct, 2020
Procurement Procedure		Malcolm Lewis - MANAGER FINANCIAL SERVICES		-		01 Oct, 2018	01 Oct, 2019
Standard tender & contract documentation		Malcolm Lewis - MANAGER FINANCIAL SERVICES		-		04 Mar, 2019	15 Jun, 2020
OR320 : Viability and sustainability of Council's financial plan and financial controls							
Asset valuation and revaluation policy		Malcolm Lewis - MANAGER FINANCIAL SERVICES		-		27 Jun, 2017	27 Jun, 2019
OR321 : Financial services legislative non compliance							
Budget Development and Management Policy		Malcolm Lewis - MANAGER FINANCIAL SERVICES		-		01 May, 2019	01 May, 2020
OR332 : Failure to identify and provide employee training							
Learning & Development Procedure		vacant - MANAGER PEOPLE & CULTURE		-		01 Aug, 2017	01 May, 2020
OR36 : Wastewater quality and lack of wastewater treatment infrastructure & controls							
Municipal Domestic Wastewater Management Plan		Kerry Pahl - COORDINATOR DEVELOPMENT SERVICES		-		07 Mar, 2018	07 Mar, 2020
OR37 : Influenza pandemic							
Influenza Pandemic Plan		Kerry Pahl - COORDINATOR DEVELOPMENT SERVICES		-		01 Mar, 2014	01 Mar, 2017

Overdue Risk Controls

Control Name	Hierarchy of Controls	Control Owner	Control Owner Rating	Control Authorizer	Control Authorizer Rating	Control Review Date	Control Next Review Date
Municipal Emergency Management Plan		Kelly Boladeras - EMERGENCY MANAGEMENT OFFICER		-		01 May, 2018	01 Jun, 2020
OR38 : Disease from municipal emergency events such as flood, fire & other natural disasters							
Municipal Emergency Management Plan		Kelly Boladeras - EMERGENCY MANAGEMENT OFFICER		-		01 May, 2018	01 Jun, 2020
Public Health Emergency Management Sub Plan		Kerry Pahl - COORDINATOR DEVELOPMENT SERVICES		-		01 Mar, 2014	01 Mar, 2017
OR44 : Failure to comply with Local Government Act							
Governance schedule		Mary Scully - MANAGER GOVERNANCE		-		28 Mar, 2019	28 Mar, 2020
OR47 : Failure to comply with legislation updates							
Governance schedule		Mary Scully - MANAGER GOVERNANCE		-		28 Mar, 2019	28 Mar, 2020
OR62 : Failure to capture records and conversation threads (social media)							
Code of conduct for staff Policy		Mary Scully - MANAGER GOVERNANCE		-		05 Jul, 2016	05 Jul, 2020
OR63 : Inappropriate use of Social media by employees and councillors							
Code of conduct for staff Policy		Mary Scully - MANAGER GOVERNANCE		-		05 Jul, 2016	05 Jul, 2020
OR66 : Handling cash							
Drop customer service excess takings - ProMapp		Chalita Leethong - TEAM LEADER CUSTOMER SUPPORT		-		21 Feb, 2020	21 Feb, 2020
OR89 : Poor recruitment processes							
Recruitment and selection procedure		vacant - MANAGER PEOPLE & CULTURE		-		31 May, 2016	31 May, 2020
OR96 : Non compliance with National Audit Tool/Self Insurance standards							
OHS Audit Procedure (draft)		vacant - MANAGER PEOPLE & CULTURE		-		24 Oct, 2019	24 Oct, 2019

Overdue Risk Controls

Control Name	Hierarchy of Controls	Control Owner	Control Owner Rating	Control Authorizer	Control Authorizer Rating	Control Review Date	Control Next Review Date
PR17 : Contaminated soil identified in North Park project area							
Inclusion of contaminated soil conditions in tender documents		Mandy Smith - CONTRACTS OFFICER		-		17 Aug, 2020	17 Aug, 2020



| camms**risk**

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Northern Grampians Shire Council



Risk Action Report (Overdue)

Operational Risk



Communities (2 Overdue Action/s)

Active Communities (2 Overdue Action/s)

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR268	Campers being struck by falling limb at Walkers Lake	Identify risks and impacts of public safety and infrastructure at Walkers Lake	Not Started	0%	Tony Dark	31/03/2020	213

Inherent Likelihood	Possible		Residual Likelihood	Possible		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Major		Zander McDougall	Annual
Inherent Risk Rating	High		Residual Risk Rating	High			



Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR297	Provision of public safety for patrons using facility	Develop Dealing with Public Safety	Not Started	0%	Zander McDougall	30/06/2020	122
		Develop of SSAC & St Arnaud Pool hazard register	Not Started	0%	Zander McDougall	30/06/2020	122

Inherent Likelihood	Possible		Residual Likelihood	Rare		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Moderate		Zander McDougall	Annual
Inherent Risk Rating	High		Residual Risk Rating	Medium			



Corporate Services (22 Overdue Action/s)

Business Transformation (2 Overdue Action/s)

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR314	Service delivery is potentially ineffective and/or inefficient	Departmental Business Plans specific to Council Plan objectives (CAMMS Strategy)	In Progress	50%	Liana Thompson	30/06/2020	122
Inherent Likelihood	Likely	 Residual Likelihood	Unlikely	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Severe	Residual Consequence	Moderate	Target Consequence	Minor	Stretch Smith	Annual
Inherent Risk Rating	Extreme	Residual Risk Rating	Medium	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR121	Data security compromise	Develop Cyber Incident Response Plan	In Progress	50%	Stretch Smith	30/06/2020	122
Inherent Likelihood	Likely	 Residual Likelihood	Almost Certain	 Target Likelihood		Risk Responsible Officer	Review Frequency
Inherent Consequen	Severe	Residual Consequence	Severe		Stretch Smith	Annual	
Inherent Risk Rating	Extreme	Residual Risk Rating	Extreme				

Council Engagement (1 Overdue Action/s)

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR257	Inadequate major events inspection program	Recruit for Events Officer resource	In Progress	30%	Chantal Thomas	21/12/2019	314
Inherent Likelihood	Possible	 Residual Likelihood	Unlikely	 Target Likelihood		Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate	Residual Consequence	Minor		Chantal Thomas	Annual	
Inherent Risk Rating	Medium	Residual Risk Rating	Low				

Financial Services (6 Overdue Action/s)



Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days	
OR43	Risk of fraud or corrupt activity by employees and/or third parties with access to Council systems and resources.	Conduct Fraud Awareness Training for all staff	In Progress	20%	Malcolm Lewis	30/06/2020	122	
		Progress Comments						
		Presentation is complete						
		Implement credit card internal audit schedule	Not Started	0%	Malcolm Lewis	30/06/2020	122	
		Review Fraud Control Plan - 2013.	Not Started	0%	Malcolm Lewis	30/06/2020	122	
		Review Fraud Prevention Policy	In Progress	50%	Malcolm Lewis	30/06/2020	122	

Inherent Likelihood	Likely		Residual Likelihood	Possible		Target Likelihood	Unlikely		Risk Responsible Officer	Malcolm Lewis
Inherent Consequen	Severe		Residual Consequence	Moderate		Target Consequence	Moderate		Review Frequency	Annual
Inherent Risk Rating	Extreme		Residual Risk Rating	Medium		Target Risk Rating	Medium			



Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR320	Viability and sustainability of Council's financial plan and financial controls	Asset Management Project (Asstetic)	In Progress	60%	Malcolm Lewis	30/09/2020	30

Inherent Likelihood	Likely		Residual Likelihood	Unlikely		Target Likelihood	Rare		Risk Responsible Officer	Malcolm Lewis
Inherent Consequen	Major		Residual Consequence	Moderate		Target Consequence	Insignificant		Review Frequency	Annual
Inherent Risk Rating	Extreme		Residual Risk Rating	Medium		Target Risk Rating	Low			



Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR80	Procurement Policy failing to include all recommended attributes/criteria eg, behaviour, value for money, open and fair competition, accountability, risk management, probity, transparency, legislative compliance	Finalise Tender/Contract Process - Guidelines approval and implementation. Include reference to Councillors not be part of panel	In Progress	30%	Malcolm Lewis	30/06/2020	122

Inherent Likelihood	Possible		Residual Likelihood	Rare		Risk Responsible Officer	Malcolm Lewis	Review Frequency	Annual
Inherent Consequen	Major		Residual Consequence	Moderate					
Inherent Risk Rating	High		Residual Risk Rating	Medium					

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR317	Preparation of budget not meeting LGA requirements	Develop procedures for ensuring governance, transparency and consultation of budget undertaken	In Progress	10%	Malcolm Lewis	30/06/2020	122

Inherent Likelihood	Likely		Residual Likelihood	Unlikely		Risk Responsible Officer	Malcolm Lewis	Review Frequency	Annual
Inherent Consequen	Major		Residual Consequence	Major					
Inherent Risk Rating	Extreme		Residual Risk Rating	High					

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR84	Lack of adequate records management for contractor management	Implement Contractor Management System for evaluation and monitoring purposes	Not Started	0%	Malcolm Lewis	30/06/2020	122

Inherent Likelihood	Possible		Residual Likelihood	Possible		Risk Responsible Officer	Malcolm Lewis	Review Frequency	Annual
Inherent Consequen	Major		Residual Consequence	Major					
Inherent Risk Rating	High		Residual Risk Rating	High					

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR72	Procurement - not complying with LGA, not getting best value or efficiency	Implement supplier code of conduct to ensure supplier understanding of expectations of them and link to tender page on website.	Not Started	0%	Malcolm Lewis	30/06/2019	488



Inherent Likelihood	Almost Certain		Residual Likelihood	Unlikely		Target Likelihood	Unlikely		Risk Responsible Officer	Review Frequency Annual
Inherent Consequen	Moderate		Residual Consequence	Minor		Target Consequence	Insignificant	Malcolm Lewis		
Inherent Risk Rating	High		Residual Risk Rating	Low		Target Risk Rating	Low			

Governance (6 Overdue Action/s)



Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR51	Hard copy records storage not compliant with standards - moved to OR49	Transfer of Council Minutes to PROV	In Progress	60%	Mary Scully	31/12/2019	304

Inherent Likelihood	Possible		Residual Likelihood	Possible		Target Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Moderate		Target Consequence	Insignificant		Mary Scully	Annual
Inherent Risk Rating	High		Residual Risk Rating	Medium		Target Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR308	Business interruption of critical services	BCP testing & training as scheduled Progress Comments BCP on hold due to COVID	Not Started	0%	Mary Scully	30/06/2020	122

Inherent Likelihood	Possible		Residual Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Major		Mary Scully	Annual
Inherent Risk Rating	High		Residual Risk Rating	High			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR306	Lack of governance capability or expertise	Governance induction & refresher online training (replace LMS)	Not Started	0%	vacant	30/06/2020	122
		Workforce Planning Strategy	Not Started	0%	vacant	30/06/2020	122

Inherent Likelihood	Likely		Residual Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate		Residual Consequence	Moderate		Mary Scully	Annual
Inherent Risk Rating	High		Residual Risk Rating	Medium			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR49	Failure to comply with information security, privacy and data protection legislation	Conduct risk assessments on high value information Progress Comments elementORG process in development	In Progress	64%	Mary Scully	30/06/2020	122

Inherent Likelihood	Possible	 Residual Likelihood	Unlikely	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	Residual Consequence	Moderate	Target Consequence	Insignificant	Mary Scully	Annual
Inherent Risk Rating	High	Residual Risk Rating	Medium	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR48	Failure to comply with statutory obligations under Public Records Act and international standards for records management	Archive hard copy records to PROV project Progress Comments On hold due to COVID and Records Officer working from home.	In Progress	61%	Mary Scully	30/06/2020	122

Inherent Likelihood	Possible	 Residual Likelihood	Possible	 Target Likelihood	Rare	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	Residual Consequence	Moderate	Target Consequence	Minor	Mary Scully	Annual
Inherent Risk Rating	High	Residual Risk Rating	Medium	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR65	Breach of information security on social media - moved to OR59	Information security identification & risk assessment	In Progress	89%	Mary Scully	30/06/2020	122
Progress Comments							
elementORG process in development							

Inherent Likelihood	Likely	 Residual Likelihood	Rare	 Target Likelihood	Rare	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate	Residual Consequence	Moderate	Target Consequence	Insignificant	Mary Scully	Annual
Inherent Risk Rating	High	Residual Risk Rating	Medium	Target Risk Rating	Low		



Government Relations (1 Overdue Action/s)

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR315	Poor customer satisfaction levels	Communications/reporting to Council on the status of Council Plan objectives and input of other plans, eg adopted plans, business plans (CAMMS Strategy)	In Progress	10%	Liana Thompson	30/06/2020	122

Inherent Likelihood	Possible	 Residual Likelihood	Possible	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate	Residual Consequence	Moderate	Target Consequence	Insignificant	Charles Holdenby	Annual
Inherent Risk Rating	Medium	Residual Risk Rating	Medium	Target Risk Rating	Low		

People & Culture (6 Overdue Action/s)

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR60	Use of Facebook to screen job applicants.	Recruitment Training	In Progress	30%	vacant	29/02/2020	244

Inherent Likelihood	Almost Certain		Residual Likelihood	Possible		Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate		Residual Consequence	Moderate		vacant	
Inherent Risk Rating	High		Residual Risk Rating	Medium			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR115	Workplace bullying & harrassment	Include Equal Opportunity & Workplace Behaviour Procedure annual refresher into Training Needs Analysis	Not Started	0%	vacant	01/04/2020	212

Inherent Likelihood	Possible		Residual Likelihood	Unlikely		Target Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate		Residual Consequence	Moderate		Target Consequence	Moderate		vacant	Annual
Inherent Risk Rating	Medium		Residual Risk Rating	Medium		Target Risk Rating	Medium			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR96	Non compliance with National Audit Tool/Self Insurance standards	Implement senior management reporting on status of OHSMP	In Progress	50%	vacant	30/10/2020	N/A

Inherent Likelihood	Possible		Residual Likelihood	Unlikely		Target Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Moderate		Target Consequence	Insignificant		vacant	Annual
Inherent Risk Rating	High		Residual Risk Rating	Medium		Target Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR104	Threat to employees from public	Conflict Training for staff	In Progress	10%	vacant	30/06/2020	122
		Reviewing duress systems	In Progress	40%	vacant	27/03/2020	217

Inherent Likelihood	Possible		Residual Likelihood	Possible		Target Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate		Residual Consequence	Moderate		Target Consequence	Minor		vacant	Annual
Inherent Risk Rating	Medium		Residual Risk Rating	Medium		Target Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR332	Failure to identify and provide employee training	Complete organisational training needs analysis (as per OHSMP)	Not Started	0%	vacant	30/04/2020	183
		Development of annual training plans	Not Started	0%	vacant	30/04/2020	183
		Implement training platform to conduct identified training needs & refreshers	Not Started	0%	vacant	30/04/2020	183

Inherent Likelihood	Likely		Residual Likelihood	Possible		Target Likelihood	Rare		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Major		Target Consequence	Insignificant		vacant	Annual
Inherent Risk Rating	Extreme		Residual Risk Rating	High		Target Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR113	Plant (machinery & equipment)	Guarding register	In Progress	80%	vacant	30/09/2020	30

Inherent Likelihood	Possible		Residual Likelihood	Unlikely		Target Likelihood	Rare		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Moderate		Target Consequence	Insignificant		vacant	Annual
Inherent Risk Rating	High		Residual Risk Rating	Medium		Target Risk Rating	Low			

Infrastructure (14 Overdue Action/s)



Infrastructure (1 Overdue Action/s)

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR194	Failure to comply with obligations under Road Management Act 2004	Review Road Register to ensure compliance with Act (currently does not comply)	Not Started	0%	Jonathan Chinomona	31/12/2019	304

Inherent Likelihood	Likely	 Residual Likelihood	Possible	 Target Likelihood	Possible	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate	Residual Consequence	Moderate	Target Consequence	Moderate	Jonathan Chinomona	Annual
Inherent Risk Rating	High	Residual Risk Rating	Medium	Target Risk Rating	Medium		

Operations (7 Overdue Action/s)

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR235	Lack of building asset management	Develop Asset Management Policy, Strategy & Plan	In Progress	10%	Trenton Fithall	30/06/2019	488

Inherent Likelihood	Likely		Residual Likelihood	Unlikely		Risk Responsible Officer	John Hunt	Review Frequency	Annual
Inherent Consequen	Severe		Residual Consequence	Moderate					
Inherent Risk Rating	Extreme		Residual Risk Rating	Medium					



Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR213	Public exposure to road hazards	Develop Responding to an Road Hazard Emergency Procedure	Not Started	0%	John Hunt	30/09/2020	30

Inherent Likelihood	Likely		Residual Likelihood	Unlikely		Target Likelihood	Rare		Risk Responsible Officer	John Hunt	Review Frequency	Annual
Inherent Consequen	Severe		Residual Consequence	Severe		Target Consequence	Insignificant					
Inherent Risk Rating	Extreme		Residual Risk Rating	High		Target Risk Rating	Low					

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR272	Airport take off or landing accident	Extend animal proof fencing to all airport perimeter	In Progress	10%	Trenton Fithall	31/12/2019	304

Inherent Likelihood	Likely		Residual Likelihood	Possible		Target Likelihood	Rare		Risk Responsible Officer	John Hunt	Review Frequency	Annual
Inherent Consequen	Major		Residual Consequence	Major		Target Consequence	Major					
Inherent Risk Rating	Extreme		Residual Risk Rating	High		Target Risk Rating	High					



Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR271	Flammable cladding material	Review facilities for exposure to flammable cladding material	Not Started	0%	John Hunt	01/04/2020	212

Inherent Likelihood	Possible		Residual Likelihood	Possible		Risk Responsible Officer	Review Frequency
Inherent Consequen	Severe		Residual Consequence	Severe		John Hunt	Annual
Inherent Risk Rating	Extreme		Residual Risk Rating	Extreme			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR24	Potential damage to endangered species of native vegetation due to Council undertaking Road Management Plan works	Review roadside vegetation management plan	Not Started	0%	John Hunt	30/06/2020	122

Inherent Likelihood	Likely		Residual Likelihood	Rare		Target Likelihood	Rare		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Moderate		Target Consequence	Minor		John Hunt	Annual
Inherent Risk Rating	Extreme		Residual Risk Rating	Medium		Target Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR206	Lack of resources and budget to meet RMP intervention levels	Review RMP intervention levels	Not Started	0%	John Hunt	30/09/2020	30



Inherent Likelihood	Possible		Residual Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Major		John Hunt	Annual
Inherent Risk Rating	High		Residual Risk Rating	High			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR195	Hazardous chemicals used for spraying weeds.	Brand spay packs etc to allow public knowledge of product being used	Not Started	0%	John Hunt	31/12/2019	304
		Trialled substitute organic sprays in site sensitive areas (playgrounds, swimming pools, childcare centres etc)	In Progress	60%	John Hunt	31/12/2019	304



Inherent Likelihood	Possible		Residual Likelihood	Rare		Target Likelihood	Rare		Risk Responsible Officer	John Hunt	Review Frequency	Annual
Inherent Consequen	Major		Residual Consequence	Moderate		Target Consequence	Insignificant					
Inherent Risk Rating	High		Residual Risk Rating	Medium		Target Risk Rating	Low					

Regulatory Services (6 Overdue Action/s)



Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR23	Failure to manage land impacted by closed landfill sites (as per EPA Landfill Register)	Identify potential environmental & human risks, soil monitoring requirements, licencing requirements etc.	Not Started	0%	Sarah Peachey	30/06/2020	122
		Review requirements of closed rubbish depot (Glenorchy, Halls Gap, Marnoo, Great Western etc) and add to register if required	Not Started	0%	Sarah Peachey	30/06/2020	122

Inherent Likelihood	Unlikely		Residual Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate		Residual Consequence	Moderate		Sarah Peachey	Annual
Inherent Risk Rating	Medium		Residual Risk Rating	Medium			



Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR16	Ability to manage increasing volumes of wastes and associated costs at landfills	Develop and adopt waste management strategy and waste reduction action plan; implement Investigate green waste collection (currently estimated 40% of municipal waste)	In Progress	30%	Sarah Peachey	30/09/2020	30
		Progress Comments Waste survey undertaken					
		Removal of glass from kerbside collections and development of glass crushing and processing industry within our shire	Not Started	0%	Sarah Peachey	30/09/2020	30

Inherent Likelihood	Possible		Residual Likelihood	Possible		Risk Responsible Officer	Review Frequency
Inherent Consequen	Minor		Residual Consequence	Minor		Sarah Peachey	Annual
Inherent Risk Rating	Medium		Residual Risk Rating	Medium			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR28	Exposed to hazards following an emergency or disaster situation.	Establish vaccination schedule of exposed employees	In Progress	10%	Kerry Pahl	31/07/2020	91

Inherent Likelihood	Unlikely		Residual Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Minor		Residual Consequence	Minor		Sarah Peachey	Annual
Inherent Risk Rating	Low		Residual Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR14	Lack of monitoring permits to burn	Discuss taking on responsibility of issuing permits with CFA	Not Started	0%	Sarah Peachey	30/09/2020	30

Inherent Likelihood	Possible		Residual Likelihood	Possible		Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate		Residual Consequence	Moderate		Sarah Peachey	Annual
Inherent Risk Rating	Medium		Residual Risk Rating	Medium			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR4	Failure to enforce essential safety measures	Draft ESS Enforcement Procedures	In Progress	10%	Kerry Pahl	30/06/2020	122

Inherent Likelihood	Possible		Residual Likelihood	Possible		Target Likelihood	Rare		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Moderate		Target Consequence	Insignificant		Sarah Peachey	Annual
Inherent Risk Rating	High		Residual Risk Rating	Medium		Target Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
OR6	Failure to ensure ongoing compliance with pool fence requirements, reactive service and not proactive.	Develop inspection schedule according to Australian Standards	In Progress	10%	Kerry Pahl	31/07/2020	91
		Review policy in line with new regulations (capture of existing pool barriers compliance)	In Progress	10%	Kerry Pahl	31/07/2020	91



Inherent Likelihood	Possible		Residual Likelihood	Unlikely		Target Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Major		Target Consequence	Minor		Sarah Peachey	Annual
Inherent Risk Rating	High		Residual Risk Rating	High		Target Risk Rating	Low			

Project Risk



Infrastructure (2 Overdue Action/s)

Infrastructure (2 Overdue Action/s)

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
PR35	LNP project fit for purpose	Engage qualified architect & engineer (as part of tender evaluation process)	In Progress	10%	Michael Brierly	30/09/2020	30

Inherent Likelihood	Possible		Residual Likelihood	Possible		Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate		Residual Consequence	Moderate		Jonathan Chinomona	
Inherent Risk Rating	Medium		Residual Risk Rating	Medium			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
PR30	Provision of funding for LNP project	State funding election commitment \$700 to be finalised	In Progress	10%	Tony Dark	30/09/2020	30

Inherent Likelihood	Likely		Residual Likelihood	Possible		Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate		Residual Consequence	Moderate		Jonathan Chinomona	Annual
Inherent Risk Rating	High		Residual Risk Rating	Medium			

Strategic Risk

CEO Office (11 Overdue Action/s)

CEO Office (11 Overdue Action/s)

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR8	Workforce capability	Workforce Planning Strategy	Not Started	0%	Liana Thompson	30/06/2019	488

Inherent Likelihood	Likely	 Residual Likelihood	Unlikely	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	Residual Consequence	Major	Target Consequence	Minor	Liana Thompson	Annual
Inherent Risk Rating	Extreme	Residual Risk Rating	High	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR14	Ability to maintain assets	Asset rationalisation project	In Progress	50%	Jonathan Chinomona	30/06/2019	488
		Cyclical maintenance including risk assessments	Not Started	0%	John Hunt	30/06/2019	488
		Engineers to develop process for clear asset management and compliance with updates/ changes in LG Act	In Progress	90%	Jonathan Chinomona	30/06/2020	122
		Improve maintenance tracking and inspection in RMP including accurate road list	In Progress	10%	John Hunt	30/06/2019	488
		Refine and renew the significant amount of Crown Land CoM delegated parcels for appropriateness	In Progress	75%	Jonathan Chinomona	30/06/2020	122
		Progress Comments					
		Crown Land Management Assessment Strategy in draft					

Inherent Likelihood	Likely	 Residual Likelihood	Unlikely	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Severe	Residual Consequence	Major	Target Consequence	Minor	Liana Thompson	Annual
Inherent Risk Rating	Extreme	Residual Risk Rating	High	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR4	Lack of long term strategic planning for the municipality	Implement Capital Work Pipeline	Not Started	0%	Trenton Fithall	01/07/2020	121

Inherent Likelihood	Almost Certain	 Residual Likelihood	Unlikely	 Target Likelihood	Rare	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	 Residual Consequence	Minor	 Target Consequence	Minor	Liana Thompson	Annual
Inherent Risk Rating	Extreme	 Residual Risk Rating	Low	 Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR19	Poor risk culture	Implement systematic approach to corrective action monitoring	In Progress	50%	Vaughan Williams	30/06/2020	122
Progress Comments							
As per strategy - Provide risk solution report to risk & audit committee							

Inherent Likelihood	Likely	 Residual Likelihood	Unlikely	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	 Residual Consequence	Moderate	 Target Consequence	Insignificant	Liana Thompson	Annual
Inherent Risk Rating	Extreme	 Residual Risk Rating	Medium	 Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR7	Ineffective regional relationships	Development of a promotion campaign of local government career opportunities	Not Started	0%	Liana Thompson	30/06/2019	488
		Liaison strategy with various levels of govt and industry	Not Started	0%	Liana Thompson	30/06/2019	488

Inherent Likelihood	Likely	 Residual Likelihood	Possible	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate	 Residual Consequence	Moderate	 Target Consequence	Insignificant	Liana Thompson	Annual
Inherent Risk Rating	High	 Residual Risk Rating	Medium	 Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR2	Service delivery is potentially ineffective and/or inefficient	Departmental Business Plans - specific to Council Plan objectives (CAMMS Strategy)	In Progress	75%	Vaughan Williams	30/03/2019	580

Inherent Likelihood	Likely		Residual Likelihood	Unlikely		Target Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Moderate		Target Consequence	Minor		Liana Thompson	Annual
Inherent Risk Rating	Extreme		Residual Risk Rating	Medium		Target Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR15	Ability to maintain assets	Asset rationalisation project	In Progress	50%	Trenton Fithall	30/06/2019	488
		Engineers to develop process for clear asset management and compliance with updates/ changes in LG Act	Not Started	0%	Trenton Fithall	30/06/2020	122
		Improve maintenance tracking and inspection in RMP incl accurate roads list	Not Started	0%	Trenton Fithall	30/06/2019	488
		Refine and review the significant amount of Crown land CoM delegated parcels for appropriateness	In Progress	20%	Trenton Fithall	30/06/2020	122
		Progress Comments					
		Crown Land Management Assessment Strategy in draft					

Inherent Likelihood	Likely		Residual Likelihood	Possible		Target Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Severe		Residual Consequence	Severe		Target Consequence	Minor		Liana Thompson	Annual
Inherent Risk Rating	Extreme		Residual Risk Rating	Extreme		Target Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR16	Inability to increase revenue streams for asset management	Cyclical maintenance incl risk assessments	Not Started	0%	Trenton Fithall	30/06/2019	488

Inherent Likelihood	Likely	 Residual Likelihood	Possible	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Severe	Residual Consequence	Severe	Target Consequence	Minor	Liana Thompson	Annual
Inherent Risk Rating	Extreme	Residual Risk Rating	Extreme	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR3	Poor customer satisfaction levels	Communications/reporting to Council on the Council Plan and input of other plans, eg adopted plans, business plans	Not Started	0%	Naomi Goode	30/06/2019	488

Inherent Likelihood	Likely	 Residual Likelihood	Possible	 Target Likelihood	Rare	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	Residual Consequence	Moderate	Target Consequence	Insignificant	Liana Thompson	Annual
Inherent Risk Rating	Extreme	Residual Risk Rating	Medium	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR1	Council Plan achievement	Formal monitoring of performance to plan at regular intervals via CAMMS Strategy	In Progress	75%	Vaughan Williams	30/04/2019	549
		Implement Capital Work Pipeline	Not Started	0%	Trenton Fithall	01/07/2020	121

Inherent Likelihood	Almost Certain	 Residual Likelihood	Unlikely	 Target Likelihood	Rare	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	Residual Consequence	Moderate	Target Consequence	Minor	Liana Thompson	Annual
Inherent Risk Rating	Extreme	Residual Risk Rating	Medium	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR13	Failure to establish strategic alliances and adequate collaboration with other levels of government, private sector and other local governments	Liaison strategy with various levels of govt and industry	Not Started	0%	Liana Thompson	30/06/2019	488

Inherent Likelihood	Possible	 Residual Likelihood	Possible	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	Residual Consequence	Major	Target Consequence	Insignificant	Liana Thompson	Annual
Inherent Risk Rating	High	Residual Risk Rating	High	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR18	Community needs not met	Communications Strategy	Not Started	0%	Charles Holdenby	30/06/2019	488

Inherent Likelihood	Likely	 Residual Likelihood	Rare	 Target Likelihood	Rare	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	Residual Consequence	Moderate	Target Consequence	Minor	Liana Thompson	
Inherent Risk Rating	Extreme	Residual Risk Rating	Medium	Target Risk Rating	Low		

Economic Development & Investment (11 Overdue Action/s)

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR8	Workforce capability	Workforce Planning Strategy	Not Started	0%	Liana Thompson	30/06/2019	488

Inherent Likelihood	Likely		Residual Likelihood	Unlikely		Target Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Major		Target Consequence	Minor		Liana Thompson	Annual
Inherent Risk Rating	Extreme		Residual Risk Rating	High		Target Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR14	Ability to maintain assets	Asset rationalisation project	In Progress	50%	Jonathan Chinomona	30/06/2019	488
		Cyclical maintenance including risk assessments	Not Started	0%	John Hunt	30/06/2019	488
		Engineers to develop process for clear asset management and compliance with updates/ changes in LG Act	In Progress	90%	Jonathan Chinomona	30/06/2020	122
		Improve maintenance tracking and inspection in RMP including accurate road list	In Progress	10%	John Hunt	30/06/2019	488
		Refine and renew the significant amount of Crown Land CoM delegated parcels for appropriateness	In Progress	75%	Jonathan Chinomona	30/06/2020	122
		Progress Comments					
		Crown Land Management Assessment Strategy in draft					

Inherent Likelihood	Likely		Residual Likelihood	Unlikely		Target Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Severe		Residual Consequence	Major		Target Consequence	Insignificant		Liana Thompson	Annual
Inherent Risk Rating	Extreme		Residual Risk Rating	High		Target Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR4	Lack of long term strategic planning for the municipality	Implement Capital Work Pipeline	Not Started	0%	Trenton Fithall	01/07/2020	121

Inherent Likelihood	Almost Certain	 Residual Likelihood	Unlikely	 Target Likelihood	Rare	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	Residual Consequence	Minor	Target Consequence	Minor	Liana Thompson	Annual
Inherent Risk Rating	Extreme	Residual Risk Rating	Low	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR19	Poor risk culture	Implement systematic approach to corrective action monitoring	In Progress	50%	Vaughan Williams	30/06/2020	122
Progress Comments							
As per strategy - Provide risk solution report to risk & audit committee							

Inherent Likelihood	Likely	 Residual Likelihood	Unlikely	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	Residual Consequence	Moderate	Target Consequence	Minor	Liana Thompson	Annual
Inherent Risk Rating	Extreme	Residual Risk Rating	Medium	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR7	Ineffective regional relationships	Development of a promotion campaign of local government career opportunities	Not Started	0%	Liana Thompson	30/06/2019	488
		Liaison strategy with various levels of govt and industry	Not Started	0%	Liana Thompson	30/06/2019	488

Inherent Likelihood	Likely	 Residual Likelihood	Possible	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Moderate	Residual Consequence	Moderate	Target Consequence	Minor	Liana Thompson	Annual
Inherent Risk Rating	High	Residual Risk Rating	Medium	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR2	Service delivery is potentially ineffective and/or inefficient	Departmental Business Plans - specific to Council Plan objectives (CAMMS Strategy)	In Progress	75%	Vaughan Williams	30/03/2019	580

Inherent Likelihood	Likely		Residual Likelihood	Unlikely		Target Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Major		Residual Consequence	Moderate		Target Consequence	Minor		Liana Thompson	Annual
Inherent Risk Rating	Extreme		Residual Risk Rating	Medium		Target Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR15	Ability to maintain assets	Asset rationalisation project	In Progress	50%	Trenton Fithall	30/06/2019	488
		Engineers to develop process for clear asset management and compliance with updates/ changes in LG Act	Not Started	0%	Trenton Fithall	30/06/2020	122
		Improve maintenance tracking and inspection in RMP incl accurate roads list	Not Started	0%	Trenton Fithall	30/06/2019	488
		Refine and review the significant amount of Crown land CoM delegated parcels for appropriateness	In Progress	20%	Trenton Fithall	30/06/2020	122
		Progress Comments					
		Crown Land Management Assessment Strategy in draft					

Inherent Likelihood	Likely		Residual Likelihood	Possible		Target Likelihood	Unlikely		Risk Responsible Officer	Review Frequency
Inherent Consequen	Severe		Residual Consequence	Severe		Target Consequence	Minor		Liana Thompson	Annual
Inherent Risk Rating	Extreme		Residual Risk Rating	Extreme		Target Risk Rating	Low			

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR16	Inability to increase revenue streams for asset management	Cyclical maintenance incl risk assessments	Not Started	0%	Trenton Fithall	30/06/2019	488

Inherent Likelihood	Likely	 Residual Likelihood	Possible	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Severe	Residual Consequence	Severe	Target Consequence	Minor	Liana Thompson	Annual
Inherent Risk Rating	Extreme	Residual Risk Rating	Extreme	Target Risk Rating	Low		

Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR3	Poor customer satisfaction levels	Communications/reporting to Council on the Council Plan and input of other plans, eg adopted plans, business plans	Not Started	0%	Naomi Goode	30/06/2019	488

Inherent Likelihood	Likely	 Residual Likelihood	Possible	 Target Likelihood	Rare	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	Residual Consequence	Moderate	Target Consequence	Insignificant	Liana Thompson	Annual
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SR1	Council Plan achievement	Formal monitoring of performance to plan at regular intervals via CAMMS Strategy	In Progress	75%	Vaughan Williams	30/04/2019	549
		Implement Capital Work Pipeline	Not Started	0%	Trenton Fithall	01/07/2020	121

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Risk Code	Risk	Risk Action	Status	% Comp.	Business Unit Manag	Due Date	Over Due Days
SR13	Failure to establish strategic alliances and adequate collaboration with other levels of government, private sector and other local governments	Liaison strategy with various levels of govt and industry	Not Started	0%	Liana Thompson	30/06/2019	488

Inherent Likelihood	Possible	 Residual Likelihood	Possible	 Target Likelihood	Unlikely	 Risk Responsible Officer	Review Frequency
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SR18	Community needs not met	Communications Strategy	Not Started	0%	Charles Holdenby	30/06/2019	488

Inherent Likelihood	Likely	 Residual Likelihood	Rare	 Target Likelihood	Rare	 Risk Responsible Officer	Review Frequency
Inherent Consequen	Major	Residual Consequence	Moderate	Target Consequence	Minor	Liana Thompson	
Inherent Risk Rating	Extreme	Residual Risk Rating	Medium	Target Risk Rating	Low		

7.2 Risk Register

Ms Jay Petty provided an update on the risk register module that forms part of the CAMMS system and presented the flow of risk through the module to the committee. It was noted that once finalised access to the module will be provided to the committee members and our external auditors.

Peter thanked Jay for her presentation to the committee.

Attachments

Nil

8 Financial Reporting and VAGO Audit

8.1 2019/20 Audited Financial Statements & Performance Report

Mr Phil Delahunty joined the meeting and gave an overview of the 2019/20 audited financial statements and performance report. It was noted that this had been a particularly difficult year due to the COVID-19 pandemic, working remotely and the various new accounting standards that came into effect for 2019/20 reporting. The main areas noted were the prior period adjustment in relation to the assets together with an adjustment required on the new standards AASB15 following consultation between both parties. It was further noted that no significant findings arose from the employee provisions and that systems were working well within the organisation.

It was noted that the new accounting standards are likely to challenge us over the next couple of years when completing the statements. Mr Peter Knights thanked Phil for the updates and the financial statements and performance report were noted by the committee.

Attachments

1. 2019-20 Financial Statements & Performance Report [8.1.1 - 67 pages]



NORTHERN GRAMPIANS SHIRE COUNCIL

**Annual Financial Statements
2019/20**

www.ngshire.vic.gov.au

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**Northern Grampians Shire Council
Financial Report
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Certification of the Financial Statements

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.



Malcolm Lewis, FCPA
Principal Accounting Officer

Date : 12 November 2020
Stawell

In our opinion the accompanying financial statements present fairly the financial transactions of Northern Grampians Shire Council for the year ended 30 June 2020 and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.



Cr Murray Emerson
Councillor

Date : 12 November 2020
Stawell



Cr Kevin Erwin
Councillor

Date : 12 November 2020
Stawell



Ms Liana Thompson
Chief Executive Officer

Date : 12 November 2020
Stawell

Independent Auditor's Report

To the Councillors of Northern Grampians Shire Council

Opinion	<p>I have audited the financial report of Northern Grampians Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2020 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial report. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors's responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
16 November 2020



as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2020

	Note	2020 \$'000	Restated * 2019 \$'000
Income			
Rates and charges	3.1	17,857	17,443
Statutory fees and fines	3.2	370	361
User fees	3.3	1,582	1,814
Grants - operating	3.4	11,036	10,207
Grants - capital	3.4	8,029	8,192
Contributions - monetary	3.5	668	666
Reversal of restoration provisions	5.5	45	46
Share of net profits/(loss) of associates	6.3	7	(2)
Other income	3.6	426	544
Total income		40,020	39,271
Expenses			
Employee costs	4.1	(13,218)	(13,223)
Materials and services	4.2	(9,710)	(9,724)
Depreciation	4.3	(12,066)	(10,201)
Amortisation - Right of use assets	4.4	(105)	-
Bad and doubtful debts	4.5	(76)	-
Borrowing costs	4.6	(111)	(124)
Finance Costs - Leases	4.7	(3)	-
Net loss on disposal of property, infrastructure, plant and equipment	4.8	(1,553)	(2,819)
Other expenses	4.9	(1,701)	(1,719)
Total expenses		(38,543)	(37,810)
Surplus/(deficit) for the year		1,477	1,461
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	6.2	12,373	9,984
Share of other comprehensive income of associates	6.3	(63)	9
Total comprehensive result		13,787	11,454

The above comprehensive income statement should be read in conjunction with the accompanying notes.

* See note 9.4 for information regarding a prior period adjustment

Balance Sheet As at 30 June 2020

	Note	2020 \$'000	Restated * 2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	27,208	20,855
Trade and other receivables	5.1 (c)	1,979	2,006
Inventories	5.2 (a)	58	41
Non current assets classified as held for sale	6.1	66	-
Other assets	5.2 (b)	212	630
Investment in associates	6.3	-	787
Total current assets		29,523	24,319
Non-current assets			
Trade and other receivables	5.1 (c)	9	73
Investment in associates	6.3	197	190
Property, infrastructure, plant and equipment	6.2	435,226	425,359
Right-of-use assets	5.8	209	-
Total non-current assets		435,641	425,622
Total assets		465,164	449,941
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	2,373	3,210
Trust funds and deposits	5.3 (b)	123	108
Unearned Income	5.3 (c)	1,752	-
Provisions	5.5	2,874	3,081
Interest-bearing loans and borrowings	5.4	218	210
Lease liabilities	5.8	114	-
Total current liabilities		7,454	6,609
Non-current liabilities			
Provisions	5.5	313	390
Interest-bearing loans and borrowings	5.4	2,189	2,408
Unearned Income	5.3 (c)	800	-
Lease Liabilities	5.8	87	-
Total non-current liabilities		3,389	2,798
Total liabilities		10,843	9,407
Net assets		454,321	440,534
Equity			
Accumulated surplus		134,212	133,929
Reserves	9.1	320,109	306,605
Total Equity		454,321	440,534

The above balance sheet should be read in conjunction with the accompanying notes.

* See note 9.4 for information regarding a prior period adjustment

Statement of Changes in Equity For the Year Ended 30 June 2020

2020	Note	Accumulated		Revaluation	Other
		Total \$'000	Surplus \$'000	Reserve \$'000	Reserves \$'000
Balance at beginning of the financial year		440,534	133,929	302,114	4,491
Surplus for the year		1,477	1,477	-	-
Net asset revaluation increment	9.1	12,373	-	12,373	-
Net asset revaluation in associates	6.3	(63)	(63)	-	-
Transfers from other reserves	9.1	-	(1,131)	-	1,131
Balance at end of the financial year		454,321	134,212	314,487	5,622

2019 - Restated *		Accumulated		Revaluation	Other
		Total \$'000	Surplus \$'000	Reserve \$'000	Reserves \$'000
Balance at beginning of the financial year		468,359	131,312	333,975	3,072
Prior period adjustment	9.4	(39,279)	2,566	(41,845)	-
Restated opening balance		429,080	133,878	292,130	3,072
Surplus for the year		1,461	1,461	-	-
Net asset revaluation increment	9.1	9,984	-	9,984	-
Net asset revaluation in associates	6.3	9	9	-	-
Transfers from other reserves	9.1	-	(1,419)	-	1,419
Balance at end of the financial year		440,534	133,929	302,114	4,491

The above statement of changes in equity should be read in conjunction with the accompanying notes.

* See note 9.4 for information regarding a prior period adjustment

**Statement of Cash Flows
For the Year Ended 30 June 2020**

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		17,751	17,362
Statutory fees and fines		370	361
User fees		1,296	1,718
Grants - operating		11,036	10,207
Grants - capital		8,029	8,192
Contributions - monetary		668	666
Trust funds and deposits taken		15	(117)
Other receipts		492	474
Net GST refund / (payment)		386	(467)
Employee costs		(13,457)	(13,050)
Materials and services		(7,467)	(8,514)
Other payments		(1,547)	(1,719)
Net cash provided by operating activities	9.2	17,572	15,113
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(10,903)	(10,104)
Proceeds from sale of property, infrastructure, plant and equipment		101	52
Loans and advances made		21	41
Net cash used in investing activities		(10,781)	(10,011)
Cash flows from financing activities			
Finance costs		(111)	(124)
Repayment of borrowings		(211)	(322)
Interest paid - lease liability		(3)	-
Repayment of lease liabilities		(113)	-
Net cash used in financing activities		(438)	(446)
Net increase in cash and cash equivalents		6,353	4,656
Cash and cash equivalents at the beginning of the financial year		20,855	16,199
Cash and cash equivalents at the end of the financial year	5.1 (a)	27,208	20,855
Financing arrangements	5.6		
Restrictions on cash assets	5.1 (b)		

The above statement of cash flow should be read with in conjunction the accompanying notes.

Statement of Capital Works For the Year Ended 30 June 2020

	2020 \$'000	2019 \$'000
Property		
Buildings	1,443	388
Total property	1,443	388
Plant and equipment		
Plant, machinery and equipment	1,030	387
Fixtures, fittings and furniture	-	90
Library resources	400	-
Computers and telecommunications	17	5
Total plant and equipment	1,447	482
Infrastructure		
Roads	5,387	4,900
Bridges	1,425	2,132
Footpaths and cycleways	657	1,316
Drainage	190	425
Parks, open spaces and streetscapes	755	315
Other infrastructure	-	147
Total infrastructure	8,414	9,235
Total capital works expenditure	11,304	10,105
Represented by:		
New asset expenditure	2,245	2,007
Asset renewal expenditure	6,319	5,649
Asset upgrade expenditure	2,740	2,449
Total capital works expenditure	11,304	10,105

The above statement of capital works should be read in conjunction with the accompanying notes.

OVERVIEW

Introduction

The Northern Grampians Shire Council was established by an Order of the Governor in Council on 20 January, 1995 and is a body corporate.
The Council's main office is located at 59-69 Main Street, Stawell.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Significant accounting policies

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3)
- the determination, in accordance with AASB 16 Leases, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgments

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation (except where transitional requirements of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income of Not-for-Profit Entities do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

OVERVIEW (cont)

(b) Impact of COVID-19 crisis on council operations and 2019-20 financial report

On 11 March 2020, COVID-19 was declared as a global pandemic by the world health organisation. Since then, various measures were taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted council operations in the following areas for the financial year ended 30 June 2020:

- Council's sports and aquatic centre experienced a reduction in attendance resulting in an estimated loss of revenue in the order of \$0.2m compared to budget.
- Council's Early Learning Centre was required to close its doors prior to 30 June 2020 resulting in an estimated loss of income in the order of \$0.1m.
- There was minimal impact on staffing costs as the majority of impacted staff were able to be redeployed.
- Council has provided rent relief in the form of rent waiver to lessee's meeting the criteria under the Victorian Government Tenancy. There was no material impact to Council's revenue for the 2019/20 financial year.
- While Council offered ratepayers deferred payment of rates and charges, this initiative did not result in any material impact to the financial statements.

**Notes to the Financial Report
For the Year Ended 30 June 2020**

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variances. Council has adopted a materiality threshold of \$250,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 25/06/2019. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance 2020 %	Ref
Income					
Rates and charges	18,110	17,857	(253)	-1%	1
Statutory fees and fines	320	370	50	16%	
User fees	1,811	1,582	(229)	-13%	
Grants - operating	5,564	11,036	5,472	98%	2
Grants - capital	7,598	8,029	431	6%	3
Contributions - monetary	297	668	371	125%	4
Reversal of provision	-	45	45	100%	
Share of net profits/(losses) of associates	-	7	7	100%	
Other income	705	426	(279)	-40%	5
Total income	34,405	40,020	5,615	16%	
Expenses					
Employee costs	(14,235)	(13,218)	1,017	-7%	6
Materials and services	(9,576)	(9,710)	(134)	1%	
Bad and doubtful debts	-	(76)	(76)	100%	
Depreciation	(9,467)	(12,066)	(2,599)	27%	7
Amortisation - Right of use assets	-	(105)	(105)	100%	
Borrowing costs	(111)	(111)	-	0%	
Finance costs - Leases	-	(3)	(3)	100%	
Net loss on disposal of property, infrastructure, plant and equipment	-	(1,553)	(1,553)	100%	8
Other expenses	(1,647)	(1,701)	(54)	3%	
Total expenses	(35,036)	(38,543)	(3,507)	10%	
Surplus for the year	(631)	1,477	2,108	-334%	

Performance against budget (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates & Charges	Delays in windfarm projects has resulted in rates in lieu not being recovered for 2019/20.
2	Grants - Operating	Early financial assistance payment (FAG) for 20/21 received in 19/20 that was not budgeted for \$4.1m. Further grant of \$383k received for Working for Victoria initiative resulting from COVID-19 pandemic. New funding was received in 19/20 for Stawell Gift of \$200k together with one off grant opportunities received and utilised in 19/20 for Workforce Attraction Strategy & Streamlining for Growth \$111k and Grampians RDV Region Cycling \$200k. Further initiatives totalling \$400k was also received for 2019/20.
3	Grants - Capital	Flood income of \$1.5m received in 19/20 relating to project works associated with the 2017 floods. This has been offset by \$1.1m of grant funding budgeted in 19/20 but allocated as income in advance to the 20/21 year for projects not yet commenced.
4	Contributions - monetary	The variance mainly comprises \$200k for a contribution to capital works that was incorrectly budgeted to Other Income rather than budgeted to Contributions - monetary.
5	Other Income	The variance mainly relates to the incorrect allocation of \$200k budget that should have been budgeted to contributions - monetary. Increase in reimbursement income of \$79k across various services.
6	Employee Costs	Staff turnover and restructure of services has contributed to the variance against budget.
7	Depreciation	The increase in depreciation is mainly due to the prior 2019 revaluation of buildings not known at the time of budget adoption. The buildings revaluation resulted in an increase in depreciable building assets as well as a review of useful lives resulting in the higher depreciation charge in the order of \$1m. In addition, the net impact of found assets, in 2019 year was also not available at the time of budget adoption, impacted depreciation by a further \$750k.
8	Net loss on Disposal of Property, Infrastructure, Plant & Equipment	When capital works are performed it is expected to have a portion of an asset that is disposed as assets need to be periodically maintained (before they fall apart) in order to remain safe for the community to use.

Note 1 Performance against budget (cont'd)

1.2 Capital Works

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance 2020 %	Ref
Buildings	500	1,443	943	189%	1
Total Property	500	1,443	943	189%	
Plant and Equipment					
Plant, machinery and equipment	715	1,030	315	44%	2
Library resources	-	400	400	0%	3
Computers and telecommunications	-	17	17	0%	
Total Plant and Equipment	715	1,447	732	102%	
Infrastructure					
Roads	9,658	5,387	(4,271)	-44%	4
Bridges	-	1,425	1,425	100%	5
Footpaths and cycleways	-	657	657	100%	6
Drainage	-	190	190	100%	
Parks, open spaces and streetscapes	5,285	755	(4,530)	-86%	7
Total Infrastructure	14,943	8,414	(6,529)	-44%	
Total Capital Works Expenditure	16,158	11,304	(4,854)	-30%	
Represented by:					
New asset expenditure	2,790	2,245	(545)	-20%	
Asset renewal expenditure	8,689	6,319	(2,370)	-27%	
Asset upgrade expenditure	4,679	2,740	(1,939)	-41%	
Total Capital Works Expenditure	16,158	11,304	(4,854)	-30%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	The variance is due to the inclusion of \$1m North Park Precinct Works that were budgeted against Parks, Open Spaces and Streetscapes.
2	Plant, Machinery & Equipment	Major plant acquisitions that were not accounted for at the time of the adopted budget.
3	Library Resources	This variance is due to the \$400k acquisition of the library assets (majority was books) for the Stawell and St Arnaud libraries that were taken on by Council on 30 June 2020. This was unbudgeted as Council made this decision during the 2019/20 financial year.
4	Roads	The allocation of budget for roads includes bridges, footpaths and drainage. The roads program was incomplete because of weather and resource availability due to COVID-19. There were also a number of assets that were budgeted in parks, open spaces and streetscapes that were actually road assets.
5	Bridges	\$448k is WIP that is impacted by the slower supply chain due to COVID-19. There were also projects that were not started because we could not get contractors on board due to COVID-19 restrictions.
6	Footpath & Cycleways	\$400k worth of costs from the streetscapes and open spaces programs were actually footpath assets and therefore these figures are not a direct comparison. The budgeted footpaths program was achieved.
7	Parks, Open Spaces and streetscapes	The variance includes \$1.7m budgeted works at North Park Precinct however the corresponding actual was reclassified to the building asset category. The variance is also due to a number of budgeted projects not completed including \$1.2m for the Stawell Park Precinct, \$0.5m Halls Gap Action Plan, \$0.5m Stawell Housing Development as well as \$0.4m Stawell Airport Upgrades.

Note 2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.1 (a) Your Lifestyle

Community life provides high quality community focused programs, service delivery and communication to residents. Community life is comprised of community care, connected communities, family services, health communities, leisure and recreational services which includes parks and sporting ovals together with social planning and investment.

Growing Our Economy

Growing our economy supports local festivals and events and advocates on behalf of the community for major events, tourism and cultural opportunities. Growing our economy is responsible for economic development and events and tourism. It further encompasses the planning services area that includes the assessment of town development; planning strategy and urban growth.

Maintaining Assets

Maintaining assets is responsible for constructing new infrastructure and maintaining existing infrastructure across a very diverse range of assets that underpin the wellbeing of the community. These assets include roads, bridges, footpaths and drainage together with community buildings.

Community Safety

Community safety provides efficient and effective services to meet the growing needs of the community. The service area is dedicated to the health, safety and amenity of the community. The service includes environment and waste, building safety, community protection, emergency management and municipal resources.

Governance

Governance provides effective governance oversight of the organisation. Human resource management provides support to the organisation and ensures councils customer focus includes communication and community engagement processes. Service areas include governance, enterprise risk and legal services.

Finance and strategy provides efficient, effective and proactive support services across council to enable the delivery of policy commitments, council vision and mission. The provision of these services includes finance services, digital information and technology, property and procurement.

**Notes to the Financial Report
For the Year Ended 30 June 2020**

Note 2.1 Analysis of Council results by program

2.1 (b) Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
2020	\$'000	\$'000	\$'000	\$'000	\$'000
Your Lifestyle	8,485	6,015	2,470	4,383	5,587
Growing Our Economy	3,315	2,892	423	1,655	-
Maintaining Assets	16,561	19,342	(2,781)	9,776	429,794
Community Safety	3,149	3,147	2	1,433	-
Governance	8,510	7,147	1,363	1,818	29,783
	40,020	38,543	1,477	19,065	465,164

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets *
2019 - Restated *	\$'000	\$'000	\$'000	\$'000	\$'000
Your Lifestyle	8,616	6,585	2,031	3,807	5,480
Growing Our Economy	2,465	2,520	(55)	1,159	-
Maintaining Assets	20,174	19,344	830	10,692	420,646
Community Safety	2,888	3,084	(196)	1,091	-
Governance	5,128	6,277	(1,149)	1,650	23,815
	39,271	37,810	1,461	18,399	449,941

* See note 9.4 for information regarding a prior period adjustment

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 3 Funding for the delivery of our services

3.1 Rates and charges

2020 \$'000	2019 \$'000
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Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its estimated realisable value if offered for sale at the time of the valuation.

The valuation base used to calculate general rates for 2019-20 was \$2,800 million (2018-19, \$2,650 million). The 2019-20 rate in the capital improved value dollar was 0.6697 cents (2018-19 0.6894 cents).

General rates

Residential rates	8,004	7,735
Commercial rates	919	937
Industrial rates	310	323
Farm rates	4,504	4,371
Total general rates	13,737	13,366

Other rates and charges

Municipal charge	1,283	1,253
Waste management charge	2,800	2,787
Rates in lieu	23	23
Cultural and recreational	14	14
Total other rates and charges	4,120	4,077
Total rates and charges	17,857	17,443

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2019, & the valuation first applied in the rating year commencing 1 July 2019.

Annual rates and charges are recognised as revenues when Council issues annual rates notices.

Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory fees and fines

Infringements and costs	10	1
Town planning fees	139	140
Land information certificates	15	12
Permits	206	208
Total statutory fees and fines	370	361

Statutory fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

3.3 User fees

Aged and health services	442	399
Leisure centre and recreation *	370	493
Child care/children's programs *	225	266
Registration and other permits	203	183
Waste management services	34	137
Tourism and event fees	-	1
Hire income	6	10
Rental fees	103	116
Infrastructure fees	181	192
Shared services	-	4
Other fees and charges	18	13
Total user fees	1,582	1,814

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

* The impact of COVID-19 has resulted in a loss of user fees to Council's Leisure centre as well as the child care programs in the order of \$0.2m and \$0.1m respectively.

Notes to the Financial Report
For the Year Ended 30 June 2020

	2020 \$'000	2019 \$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following		
Summary of grants		
Commonwealth funded grants	12,274	13,728
State funded grants	6,791	4,671
Total	19,065	18,399
(a) Operating grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	7,848	7,774
Aged care	654	615
Child care	17	31
Other	7	6
<i>Recurrent - State Government</i>		
Aged care	121	136
Maternal and child health	269	217
Recreation	200	-
Community safety	120	123
Pre school	334	228
Youth	50	108
Other	75	75
Total recurrent operating grants	9,695	9,313
<i>Non-recurrent - Commonwealth Government</i>		
Economic development	222	64
<i>Non-recurrent - State Government</i>		
Aged care	34	-
Family and children	62	130
Youth	1	13
Infrastructure operations	-	10
Economic development	498	232
Recreation	11	21
Other	513	424
Total non-recurrent operating grants	1,341	894
Total operating grants	11,036	10,207
(b) Capital grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	1,858	1,131
Total recurrent capital grants	1,858	1,131
<i>Non-recurrent - Commonwealth Government</i>		
Parks, Open Spaces & Streetscapes	19	-
Infrastructure	255	60
Natural disaster reconstruction	1,394	4,047
<i>Non-recurrent - State Government</i>		
Buildings	202	299
Parks, Open Spaces & Streetscapes	2,155	1,065
Recreational facilities	-	490
Infrastructure	1,946	1,100
Natural disaster reconstruction	200	-
Total non-recurrent capital grants	6,171	7,061
Total capital grants	8,029	8,192

**Notes to the Financial Report
For the Year Ended 30 June 2020**

3.4 Funding from other levels of government (cont)	2020 \$'000	2019 \$'000
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	1,481	770
Received during the financial year and remained unspent at balance date	3,704	860
Received in prior years and spent during the financial year	(1,272)	(149)
Balance at year end	3,913	1,481

Grant income is recognised at the point in time when the Council satisfies its performance obligations as specified in the underlying agreement.

3.5 Contributions		
Monetary	668	666
Total contributions	668	666

Monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

3.6 Other income		
Interest	216	347
Other	210	197
Total other income	426	544

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 4 The cost of delivering services	2020 \$'000	2019 \$'000
4.1 (a) Employee costs		
Wages and salaries	13,314	12,640
less capitalised wages and salaries	(1,376)	(1,331)
	11,938	11,309
WorkCover	265	265
Superannuation	1,177	1,107
Fringe benefits tax	45	45
Other	(207)	497
Total employee costs	13,218	13,223
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	60	53
	60	53
Employer contributions payable at reporting date.	43	5
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	685	661
Employer contributions - other funds	433	393
	1,118	1,054
Employer contributions payable at reporting date.	(210)	48

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 is \$65k. Refer to Note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services *		
Advertising and communications	185	407
Building maintenance	136	206
Consultants	205	190
Consumables	113	158
Contract employees	548	468
Contractors - Building and Facilities	349	288
Contractors - Environment	111	143
Contractors - Waste Operations	1,086	1,212
Contractors - Cleaning Services	178	199
Contractors - Others	1,285	395
Contractors - Flood	387	1,259
Contributions	211	107
Fuel	566	595
General maintenance	729	616
Information technology	793	714
Insurance	683	415
Legal expenses	77	90
Materials and services	588	575
Memberships and subscriptions	219	179
Minor equipment	80	55
Office administration	130	158
Security costs	33	52
Training	103	272
Uniforms and protective clothing	92	69
Utilities	404	458
Waste management	419	444
Total materials and services	9,710	9,724

* The impacts of COVID-19 did not materially affect Council's expenditure as detailed in the schedule of materials and services listed above.

Notes to the Financial Report
For the Year Ended 30 June 2020

	2020 \$'000	2019 \$'000
4.3 Depreciation		
Property	1,790	762
Plant and equipment	872	807
Infrastructure	9,404	8,632
Total depreciation	12,066	10,201

Refer to note 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and

4.4 Amortisation - Right of use assets

Vehicles	105	-
Total Amortisation - Right of use assets	105	-

4.5 Bad and doubtful debts *

Other debtors	76	-
Total bad and doubtful debts	76	-

Movement in provisions for doubtful debts

Balance at the beginning of the year	2	2
New provisions recognised during the year	76	-
Balance at the end of year	78	2

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

* Council has reviewed the disclosure of bad and doubtful debts in the context of COVID-19 and assessed that no further provision is required.

4.6 Borrowing costs

Interest - Borrowings	111	124
Total borrowing costs	111	124

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

4.7 Finance Costs - Leases

Interest - Lease Liabilities	3	-
Total finance costs	3	-

4.8 Net loss on disposal of property, infrastructure, plant and equipment

Proceeds of sale	101	52
Written down value of assets disposed	(1,654)	(2,871)
Total net loss on disposal of property, infrastructure, plant and equipment	(1,553)	(2,819)

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer or the asset is written off.

4.9 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	29	39
Auditors' remuneration - Internal	2	15
Councillors' allowances	208	189
Regional library contribution	472	519
Tourism contribution	318	313
Community contributions	395	277
Operating lease rentals	251	313
Other	26	54
Total other expenses	1,701	1,719

**Notes to the Financial Report
For the Year Ended 30 June 2020**

Note 5 Our financial position	2020	2019
5.1 Financial assets	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	2	2
Cash at bank	27,206	20,853
	27,208	20,855

Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (Note 5.3 (b))	123	108
- Unspent grants (Note 3.4)	3,913	1,481
(b) Total restricted funds	4,036	1,589
Total unrestricted cash and cash equivalents	23,172	19,266

Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

- Cash held to fund carried forward capital works	2,459	1,750
- Cash held to fund carried forward projects	70	533
- Reserve funds (Note 9.1)	5,622	4,491
Total funds subject to intended allocations	8,151	6,774

(c) Trade and other receivables

Current

Statutory receivables

Rates debtors	1,025	919
Net GST receivable	201	587

Non statutory receivables

Loans and advances to community organisations	99	56
Other debtors	732	446
Provision for doubtful debts - other debtors	(78)	(2)

Total current trade and other receivables 1,979 2,006

Non-current

Non statutory receivables

Loans and advances to community organisations	9	73
Total non-current trade and other receivables	9	73

Total trade and other receivables **1,988** **2,079**

Short term receivables are carried at invoice amount. Long term receivables are carried at amortised cost using the effective interest rate method.

(d) Ageing of Receivables *

The ageing of the Council's trade & other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	415	509
Past due by up to 30 days	229	41
Past due between 31 and 90 days	8	6
Past due between 91 and 365 days	105	12
Past due by more than 1 year	83	7
Total trade & other receivables	840	575

* Council has reviewed the ageing of receivables in the context of COVID-19 and assessed that no further impairments are required.

**Notes to the Financial Report
For the Year Ended 30 June 2020**

5.1 Financial assets (cont)

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$105,000 (2019: \$83,000) were impaired. The amount of the provision raised against these debtors was \$78,000 (2019: \$2,000). They individually have been impaired as a result of their doubtful collection.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 90 days	-	-
Past due between 91 and 365 days	9	-
Past due by more than 1 year	69	2
Total trade & other receivables	78	2

5.2 Non-financial assets

(a) Inventories

Inventories held for distribution	56	39
Inventories held for sale	2	2
Total inventories	58	41

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential.

(b) Other assets

Prepayments	39	560
Accrued income	173	70
Total other assets	212	630

	2020 \$'000	2019 \$'000
5.3 Payables		
(a) Trade and other payables		
Trade payables	1,813	2,822
Accrued wages and salaries	111	333
Accrued expenses	449	55
Total trade and other payables	2,373	3,210
(b) Trust funds and deposits		
Refundable deposits	6	7
Fire service levy	115	100
Retention amounts	2	1
Total trust funds and deposits	123	108
(c) Unearned Income		
Grants received in advance - operating	220	-
Grants received in advance - capital	2,332	-
Total unearned income	2,552	-

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Unearned Income

This represents grants received in advance for capital and operating projects to be recognised when the specific obligations for the grant agreement have been fulfilled; other income in advance comprised of fees and contributions with specific obligations to be recognised when they have been fulfilled.

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works and the use of civic facilities.

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention Amounts - Council has an agreement to administer a community grant program on behalf of a local organisation that wishes contribute to the community. These monies are not Council monies and will be drawn down as the grant program is awarded.

5.4 Interest-bearing loans		
Current		
Borrowings - secured (1)	218	210
	218	210
Non-current		
Borrowings - secured (1)	2,189	2,408
	2,189	2,408
Total	2,407	2,618
(1) Borrowings are secured by the general rates of the Council		
a) The maturity profile for Council's borrowings is:		
Not later than one year	218	210
Later than one year and not later than five years	1,189	1,408
Later than five years	1,000	1,000
	2,407	2,618

5.4 Interest-bearing loans (cont)

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

5.5 Provisions

	Employee Provisions	Landfill restoration	Gravel pit restoration	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2020				
Balance at beginning of the financial year	3,307	67	97	3,471
Additional provisions	(457)	-	-	(457)
Amounts used	(1,188)	-	-	(1,188)
Provision reversed	-	(5)	(40)	(45)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	1,406	-	-	1,406
Balance at the end of the financial year	3,068	62	57	3,187

2019				
Balance at beginning of the financial year	3,134	72	138	3,344
Additional provisions	2,051	-	-	2,051
Amounts used	(1,741)	-	-	(1,741)
Provision reversed	-	(5)	(41)	(46)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(137)	-	-	(137)
Balance at the end of the financial year	3,307	67	97	3,471

	2020 \$'000	2019 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12		
Annual leave	850	772
Rostered days off	12	14
Long service leave	21	64
	883	850
Current provisions expected to be wholly settled after 12 months		
Annual leave	556	525
Long service leave	1,435	1,706
	1,991	2,231
Total current provisions	2,874	3,081
Non-current		
Long service leave	194	226
Total non-current provisions	194	226
Aggregate carrying amount of employee provisions:		
Current	2,874	3,081
Non-current	194	226
Total aggregate carrying amount of employee	3,068	3,307

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

5.5 Provisions (cont)

Annual leave

Liabilities for annual leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability.

Key assumptions:

- inflation rate 3.00% 3.00%
Discount rates depend on the years of service and are based upon the rates released by the Department of Treasury and Finance.

(b) Land fill restoration

Non-current

	2020 \$'000	2019 \$'000
	62	67
	62	67

Council is obligated to restore the St Arnaud landfill site to a particular standard. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on the EPA self assessment tool and the current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

(c) Gravel pit restoration

Non-current

	2020 \$'000	2019 \$'000
	57	97
	57	97

Council is obligated to restore the Kara Kara gravel pit site to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of gravel use. The provision for gravel pit restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on the required revegetation required and the infill of the site to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2020.

Bank overdraft
Credit Card Facilities
Total Facilities

	2020 \$'000	2019 \$'000
	200	200
	250	250
	450	450
Unused facilities	450	450
Unused facilities	450	450

Notes to the Financial Report
For the Year Ended 30 June 2020

5.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

2020	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Waste Management	1,040	-	-	-	1,040
Provision for Meals on Wheels	162	166	-	-	328
Cleaning Services	493	503	973	-	1,969
Provision of Transfer Stations	70	71	109	-	250
Infrastructure & Environment	274	278	282	-	834
Financial Services	56	56	56	-	168
Software Licence Agreement	218	222	418	-	858
Tourism	42	-	-	-	42
Architect Services	168	-	-	-	168
Total	2,523	1,296	1,838	-	5,657
Capital					
Bridges	230	-	-	-	230
Roads	2,008	2,048	4,945	-	9,001
Recreation Facilities	3,089	-	-	-	3,089
Total	5,327	2,048	4,945	-	12,320

2019	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Waste management	934	-	-	-	934
Provision for Meals on Wheels	154	-	-	-	154
Cleaning services	286	172	475	-	933
Provision of transfer stations	70	72	186	-	328
Infrastructure & Environment	239	165	338	-	742
Financial Services	56	56	113	-	225
Software Licence Agreement	193	193	548	-	934
Tourism	42	42	-	-	84
Architect Services	46	-	-	-	46
Total	2,020	700	1,660	-	4,380
Capital					
Bridges	448	-	-	-	448
Total	448	-	-	-	448

5.8 Leases

Policy applicable before 1 July 2019

As a lessee, council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Policy applicable after 1 July 2019

Council has applied *AASB 16 Leases* using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to *AASB 16 Leases*, Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied *AASB 16 Leases* only to contracts that were previously identified as leases.

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Council has elected to apply the temporary option available under *AASB 16 Leases* which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

5.8 Leases (cont)

Right-of-Use Assets

Balance at 1 July 2019
Amortisation charge
Balance at 30 June 2020

2020 Vehicles \$'000	2020 Total \$'000
314	314
(105)	(105)
209	209

Lease Liabilities

Maturity analysis - contractual undiscounted cash flows
Less than one year
One to five years
More than five years
Total undiscounted lease liabilities as at 30 June:

2020 \$'000
116
88
-
204

Lease liabilities included in the Balance Sheet at 30 June:

Current
Non-current
Total lease liabilities

114
87
201

i. Leases classified as operating leases under *AASB 117 Leases*

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Council's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Council applied this approach to all applicable leases.

Council used the following practical expedients when applying *AASB 16 Leases* to leases previously classified as operating leases under *AASB 117 Leases*:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Leases previously classified as finance leases

For leases that were classified as finance leases under *AASB 117 Leases*, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under *AASB 117 Leases* immediately before that date.

Council is not required to make any adjustments on transition to *AASB 16 Leases* for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with *AASB 16 Leases* from the date of initial application.

Impact on financial statements

When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 0.87%.

Lease commitment at 30 June 2019 as disclosed in Council's financial statements
Prior period adjustment *
Adjusted opening balance lease commitment at 1 July 2019

2019 \$'000
1,022
(581)
441

Discounted using the incremental borrowing rate at 1 July 2019
Lease commitment recognised as at 30 June 2019

(5)
436

- Recognition exemption for:
short-term leases
leases of low-value assets
Total Exempt Leases

122
-
122

Lease liabilities recognised as at 1 July 2019

314

* The 2019 lease commitment of \$1,022k included a \$581k allowance for expected new lease commitments that did not occur during the 2020 year.

Note 6 Assets we manage

6.1 Non current assets classified as held for sale

Cost of acquisition

Total non current assets classified as held for sale

2020 \$'000	2019 \$'000
66	-
66	-

Non-current assets classified as held for sale (including disposal groups) are measured at the lower of its carrying amount and fair value less costs of disposal, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2019 *	Acquisitions	Transfers	Write-Offs	Revaluation	Depreciation	Disposal	At Fair Value 30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	11,786	-	(66)	(6)	-	(26)	(38)	11,650
Buildings	55,069	276	-	-	-	(1,764)	(11)	53,570
Plant and Equipment	5,660	1,447	-	-	-	(872)	(117)	6,118
Infrastructure	351,880	6,025	621	-	12,373	(9,404)	(1,485)	360,010
Work in progress	963	3,556	(621)	(20)	-	-	-	3,878
	425,358	11,304	(66)	(26)	12,373	(12,066)	(1,651)	435,226

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings	-	1,167	-	-	1,167
Infrastructure	963	2,389	(621)	(20)	2,711
Total	963	3,556	(621)	(20)	3,878

* See note 9.4 for information regarding a prior period adjustment

(a) Land and Buildings	Land - specialised	Land - non specialised	Land improvements	Total Land	Buildings - specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	11,328	432	132	11,892	73,175	73,175	-	85,067
Accumulated depreciation at 1 July 2019	-	-	(106)	(106)	(18,106)	(18,106)	-	(18,212)
	11,328	432	26	11,786	55,069	55,069	-	66,855
Movements in fair value								
Acquisition of assets at fair value	-	-	-	-	276	276	1,167	1,443
Reclassified as held for sale	-	(66)	-	(66)	-	-	-	(66)
Impairment losses recognised in operating result	-	(6)	-	(6)	-	-	-	(6)
Fair value of assets disposed	(38)	-	-	(38)	(13)	(13)	-	(51)
Transfers	42	(42)	-	-	-	-	-	-
	4	(114)	-	(110)	263	263	1,167	1,320
Movements in accumulated depreciation								
Depreciation	-	-	(26)	(26)	(1,764)	(1,764)	-	(1,790)
Accumulated depreciation of disposals	-	-	-	-	2	2	-	2
	-	-	(26)	(26)	(1,762)	(1,762)	-	(1,788)
At fair value 30 June 2020	11,332	318	132	11,782	73,438	73,438	1,167	86,387
Accumulated depreciation at 30 June 2020	-	-	(132)	(132)	(19,868)	(19,868)	-	(20,000)
	11,332	318	-	11,650	53,570	53,570	1,167	66,387

6.2 Property, infrastructure, plant and equipment (cont.)

(b) Plant and Equipment	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Library Resources \$'000	Computers and telecoms \$'000	Total plant and equipment \$'000
At fair value 1 July 2019	11,079	440	-	1,331	12,850
Accumulated depreciation at 1 July 2019	(5,666)	(339)	-	(1,185)	(7,190)
	<u>5,413</u>	<u>101</u>	<u>-</u>	<u>146</u>	<u>5,660</u>
Movements in fair value					
Acquisition of assets at fair value	1,030	-	400	17	1,447
Fair value of assets disposed	(297)	-	-	(28)	(325)
	<u>733</u>	<u>-</u>	<u>400</u>	<u>(11)</u>	<u>1,122</u>
Movements in accumulated depreciation					
Depreciation	(771)	(23)	-	(78)	(872)
Accumulated depreciation of disposals	180	-	-	28	208
	<u>(591)</u>	<u>(23)</u>	<u>-</u>	<u>(50)</u>	<u>(664)</u>
At fair value 30 June 2020	11,812	440	400	1,320	13,972
Accumulated depreciation at 30 June 2020	(6,257)	(362)	-	(1,235)	(7,854)
	<u>5,555</u>	<u>78</u>	<u>400</u>	<u>85</u>	<u>6,118</u>

(c) Infrastructure	Roads \$'000	Bridges \$'000	Footpaths and cycleways \$'000	Drainage \$'000	Parks open spaces and streetscapes \$'000	Other Infrastructure \$'000	Work In Progress \$'000	Total Infrastructure \$'000
At fair value 1 July 2019 - * Restated	280,064	98,668	17,364	21,091	6,110	786	963	425,046
Accumulated depreciation at 1 July 2019	(43,743)	(10,462)	(6,527)	(9,300)	(1,887)	(284)	-	(72,203)
	<u>236,321</u>	<u>88,206</u>	<u>10,837</u>	<u>11,791</u>	<u>4,223</u>	<u>502</u>	<u>963</u>	<u>352,843</u>
Movements in fair value								
Acquisition of assets at fair value	3,879	867	511	188	580	-	2,389	8,414
Revaluation increments/decrements	15,537	-	1,539	-	-	-	-	17,076
Fair value of assets disposed	(1,395)	(290)	(69)	(5)	-	(127)	-	(1,886)
WIP Expensed	-	-	-	-	-	-	(20)	(20)
Transfers	5,269	(5,230)	104	766	162	(450)	(621)	-
	<u>23,290</u>	<u>(4,653)</u>	<u>2,085</u>	<u>949</u>	<u>742</u>	<u>(577)</u>	<u>1,748</u>	<u>23,584</u>
Movements in accumulated depreciation								
Depreciation	(7,619)	(915)	(394)	(234)	(240)	(2)	-	(9,404)
Accumulated depreciation of disposals	249	51	17	3	-	81	-	401
Revaluation adjustment on accumulated depreciation	(3,721)	-	(982)	-	-	-	-	(4,703)
Transfers	(1,180)	1,180	-	(147)	(15)	162	-	-
	<u>(12,271)</u>	<u>316</u>	<u>(1,359)</u>	<u>(378)</u>	<u>(255)</u>	<u>241</u>	<u>-</u>	<u>(13,706)</u>
At fair value 30 June 2020	303,354	94,015	19,449	22,040	6,852	209	2,711	448,630
Accumulated depreciation at 30 June 2020	(56,014)	(10,146)	(7,886)	(9,678)	(2,142)	(43)	-	(85,909)
	<u>247,340</u>	<u>83,869</u>	<u>11,563</u>	<u>12,362</u>	<u>4,710</u>	<u>166</u>	<u>2,711</u>	<u>362,721</u>

* See note 9.4 for information regarding a prior period adjustment

6.2 Property, infrastructure, plant and equipment (cont)

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Land under roads

Land under roads acquired after 30 June 2008 is brought to account using fair value basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

Depreciation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road formations are not depreciated on the basis that they are assessed as not having a limited useful life.

Buildings were revalued in 2019 and the range of depreciation periods has not changed, however the number of buildings with a higher depreciation rate has increased. This has resulted in approximately \$1m in additional depreciation annually for buildings.

Additional road data was captured in 2020 and the subsequent range of depreciation periods has not changed, however the useful life of some sealed pavements (high use sealed roads) has decreased from 80 to 50 years resulting in approximately \$25k in additional depreciation annually for sealed pavements.

Straight line depreciation is charged based on the residual useful life as determined each year.

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
Property		
land	- All assets	
land improvements	5 years	5
land under roads	- All assets	
Buildings		
buildings	15-100 years	5
Plant and Equipment		
plant, machinery and equipment	1-20 years	2
fixtures, fittings and furniture	2-10 years	2
computers and telecommunications	3-10 years	2
Infrastructure		
road pavements and seals	5-80 years	5
road formation and earthworks	-	5
road kerb and channel	15-100 years	5
bridges superstructure	120 years	15
bridges substructure	120 years	15
bridges rails	40 years	15
major culverts	20-80 years	15
footpaths and cycleways	15-80 years	5
drainage	20-120 years	5
parks, open spaces and streetscapes	15-100	5
heritage assets	15-100 years	10

Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

6.2 Property, infrastructure, plant and equipment (cont.)

Valuation of land and buildings

Valuation of land was undertaken by qualified independent valuers Grant Kerambrun AAPI Certified Practising Valuer VRC Property Pty Ltd as at 30/06/2018. A revaluation and condition assessment of buildings was undertaken by Ashay Prabhu of Assetic Pty Ltd, MIE (Aust) CPEng, NPER: Membership 1102199 in the 2019/20 financial year. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation (DoV) is detailed in the table below together with details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 which are as follows:

	\$'000 Level 1	\$'000 Level 2	\$'000 Level 3	DoV
Non-specialised land	-	318	-	06/18
Specialised land	-	-	11,332	06/18
Land improvements	-	-	-	06/18
Buildings	-	-	53,570	06/19

Valuation of infrastructure

The valuation method used for Council Infrastructure assets depends on the asset class. Roads, bridges, footpaths and drainage are all valued using the revaluation method. Parks & open spaces and other infrastructure are valued using the cost method. All assets are reviewed for fair value on an annual basis.

Valuation of road and footpath assets has been determined in accordance with an internal valuation undertaken by Mr Kandee Balasingham B.Engineering (Civil) MIE Aust as at 31/03/2020. This valuation was reviewed at 30 June 2020 with no material changes to valuations.

The date of the current valuation of each asset class is detailed in the following table.

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2020 are as follows:

	\$'000 Level 1	\$'000 Level 2	\$'000 Level 3	DoV
Roads	-	-	247,340	03/20
Bridges	-	-	83,869	07/19
Footpaths and cycleways	-	-	11,563	03/20
Drainage	-	-	12,362	07/19
Parks (etc)	-	-	4,710	N/A
Other infrastructure	-	-	166	N/A

6.2 Property, infrastructure, plant and equipment (cont.)

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.05 and \$202.61 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated by individual building components and the remaining useful lives are determined on the basis of the current condition of each of the various components. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets. Parks and other infrastructure are valued using the cost method.

	2020 \$'000	2019 * \$'000
Reconciliation of specialised land		
Land under roads	2	2
Parks and reserves	5,023	5,023
Vacant land	716	716
Water management	242	242
Waste management	286	286
Gravel reserve	263	263
Aerodromes	269	269
Carpark	619	619
Recreation	511	511
Zoning restrictions	726	726
Council controlled	2,062	2,058
Other	613	613
Total specialised land	11,332	11,328

* Restated prior year due to prior period adjustment detailed in Note 9.4a

Notes to the Financial Report
For the Year Ended 30 June 2020

	2020 \$'000	2019 \$'000
6.3 Investment in associates		
Investments in associates		
Investments in associates accounted for by the equity method are:		
- Wimmera Regional Library Corporation	-	787
- Wimmera Development Association	197	190
	197	977
Change in equity share apportionment	(63)	9
Share of (deficit)/surplus for year	7	(2)
(a) Wimmera Regional Library Corporation		
Background		
Council's investment in the Wimmera Regional Library Corporation is based on the equity method of accounting		
Fair value of Council's investment in Wimmera Regional Library Corporation	-	787
Council's interest in equity	0.00%	27.20%
Council's share of accumulated surplus		
Council's share of accumulated surplus at start of year	332	332
Change in equity share apportionment	(723)	4
Reported surplus for year	-	6
Transfers (to)/from reserves	391	(10)
Council's share of accumulated surplus at end of year	-	332
Council's share of reserves		
Council's share of reserves at start of year	454	439
Change in equity share apportionment	(63)	5
Transfers (to)/from reserves	(391)	10
Council's share of reserves at end of year	-	454
Movement in carrying value of specific investment		
Carrying value of investment at start of year	787	772
Change in equity share apportionment	-	9
Share of surplus for year	-	6
Withdrawal from WRLC	(787)	-
Carrying value of investment at end of year	-	787

Council withdrew from the Wimmera Regional Library Corporation effective from 30 June 2020 in accordance with the terms of the agreement signed with the library corporation. This decision was made on 01 April 2019.

Notes to the Financial Report
For the Year Ended 30 June 2020

	2020 \$'000	2019 \$'000
6.3 Investment in associates (cont.)		
(b) Wimmera Development Association		
<i>Background</i>		
Council's investment in the Wimmera Development Association is based on the equity method of accounting.		
Fair value of Council's investment in Wimmera Development Association	197	190
Council's interest in equity	20.17%	20.17%
Council's share of accumulated surplus		
Council's share of accumulated surplus at start of year	100	140
Reported surplus for year	7	(8)
Transfers (to)/from reserves	(14)	(32)
Council's share of accumulated surplus at end of year	93	100
Council's share of reserves		
Council's share of reserves at start of year	122	90
Transfers (to)/from reserves	14	32
Council's share of reserves at end of year	136	122
Movement in carrying value of specific investment		
Carrying value of investment at start of year	190	198
Share of surplus for year	7	(8)
Carrying value of investment at end of year	197	190

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Northern Grampians Shire Council is the parent entity.

Associates

Interests in associates are detailed in note 6.3.

(b) Key Management Personnel

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

Councillors

Councillor Brian Emerson (Mayor - Nov 19 to present)
Councillor Kevin Erwin (Resigned - Mayor Nov 19)
Councillor Anthony Driscoll
Councillor Karen Hyslop
Councillor Merrilee Reid
Councillor Jason Hosemans
Councillor Rob Haswell

Key Management

Chief Executive Officer - Liana Thompson (Nov 19 to present)
Chief Executive Officer - Michael Bailey (resigned Sept 19)
Director Corporate Services - Vaughan Williams
Director Infrastructure - Trenton Fithall
Director Communities - Naomi Goode

Total Number of Councillors

Chief Executive Officer and other Key Management Personnel

Total Key Management Personnel

	2020	2019
	No.	No.
Total Number of Councillors	7	7
Chief Executive Officer and other Key Management Personnel	5	5
Total Key Management Personnel	12	12

(c) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

Short-term benefits

948

1,029

Long-term benefits

21

23

Termination benefits

-

7

Post-employment benefits

86

98

Total

1,055

1,157

	2020 \$'000	2019 \$'000
Short-term benefits	948	1,029
Long-term benefits	21	23
Termination benefits	-	7
Post-employment benefits	86	98
Total	1,055	1,157

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

\$20,000 - \$29,999

5

5

\$30,000 - \$39,999

1

1

\$50,000 - \$59,999

1

1

\$110,000 - \$119,999

1

-

\$130,000 - \$139,999

1

-

\$140,000 - \$149,999

-

1

\$160,000 - \$169,999

-

1

\$170,000 - \$179,999

-

1

\$190,000 - \$199,999

-

1

\$200,000 - \$209,999

3

-

\$270,000 - \$279,999

-

1

	2020 No.	2019 No.
\$20,000 - \$29,999	5	5
\$30,000 - \$39,999	1	1
\$50,000 - \$59,999	1	1
\$110,000 - \$119,999	1	-
\$130,000 - \$139,999	1	-
\$140,000 - \$149,999	-	1
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	-	1
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	3	-
\$270,000 - \$279,999	-	1
Total	12	12

7.1 Council and key management (cont)

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000

The number of Senior Officers are shown below in their relevant income bands:

Income Range:	2020 No.	2019 No.
\$70,000 - \$79,999	-	1
\$100,000 - \$109,999	-	1
\$130,000 - \$139,999	1	-
\$150,000 - \$159,999	-	1
\$170,000 - \$179,999	-	1
\$200,000 - \$209,999	-	1
	1	5
Total Remuneration for the reporting year for Senior Officers included above, amounted to	130	722

7.2 Related party disclosures

(a) Transactions with related parties

During the period Council entered into the following transactions with related parties on commercial terms:

Council engaged the provision of catering services from Reid's Takeaway during the financial year. In total Council paid \$962 to this business. This is a related party entity of Councillor Merrillee Reid.

Council paid \$8,330 for goods and services from Exclusive Space Pty Ltd during the financial year. This is a related party entity of Councillor Robert Haswell.

(b) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party on commercial terms as follows:

Council provided a community loan to Exclusive Space Pty Ltd in November 2015 in line with its Community Loan Policy. At 30 June 2020, total loan repayable to Council totalled \$36,376. The term of the loan is 5 years and repayments of this loan are made in line with the agreed loan schedule. This is a related party entity of Councillor Robert Haswell.

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

(a) Contingent liabilities

The Council is not presently involved in any matters which are expected to result in a liability for Council.

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent liabilities are presented inclusive of GST receivable or payable, respectively.

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

(b) Contingent Assets

Council provided notice of withdrawal from the Wimmera Regional Library Corporation effective from 30 June 2020 in accordance with the terms of the agreement signed with the library corporation. Pursuant to the terms and conditions of the agreement, the Council expects to recover its investment in associate which principally comprises assets that will be returned. Council has recognised a current asset (accrued income) of \$169k due from the Library Corporation being Council's estimated share of net assets owing at balance date. The amount of \$169k is subject to approval by the Wimmera Regional Library Corporation Board and expected to be finalised by 30 September 2020. Further reference at note 6.3.

(c) Guarantees for loans to other entities

The Council has provided bank guarantees in favour of the Commonwealth Bank to secure debts. The liability is contingent upon the satisfactory completion of contracts involving the following organisations.

	2020 \$'000	2019 \$'000
Minister for Resources	50	50
Minister for Energy & Resources	110	110
Minister for Agriculture & Resources	6	6
	166	166

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

- recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in *AASB 13 Fair Value Measurement*. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with *AASB 116 Property, Plant and Equipment* or *AASB 138 Intangible Assets*, as appropriate, except as specified AASB 1059;
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no impact on the transactions and balances recognised in the financial statements as the Council is not a grantor in a service concession arrangement.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

The Standard principally amends *AASB 101 Presentation of Financial Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

8.3 Financial Instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. We manage interest rate risk by adopting an investment policy that ensures:

- diversification of investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

8.3 Financial Instruments (cont)

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have a long term financial plan which forecasts the cash and cash equivalent requirements over a long term period to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have an investment policy that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1, and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 1.5%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

8.4 Fair value measurement

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, open space and heritage assets are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset.

In addition, Council undertakes an indexation revaluation on an annual basis of Building and Infrastructure assets where there has not been a revaluation in that year. The indexations are calculated using generally accepted industry methods and analysis of Council's most frequently used materials.

Council subsequently undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 5 to 10 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

8.4 Fair value measurement (cont)

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

8.5 Events occurring after balance date

Since 30 June 2020, there has been a significant increase in COVID-19 cases in Victoria. This has resulted in the Victorian Government reintroducing increased measures to contain the spread of the virus, including travel restrictions, quarantines, curfews, social distancing, and closures of non-essential services. This has triggered significant disruptions to businesses throughout regional and rural Victoria, resulting in further economic slowdown. The Government has responded with additional financial interventions to stabilise the economy. Several of Council services have now been or continue to be impacted including Council's indoor/outdoor sporting facilities. Essential services continue to be provided.

While these events have impacted Council's financial performance, the overall effect is not considered material. The Council has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 30 June 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of the consequences, as well as their impact on the financial position and results of Northern Grampians Shire Council for future periods.

Council is not aware of any other after reporting date events.

Note 9 Other matters

9.1 Reserves	Balance at beginning of reporting period	Share of increment/ (decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000
2020			
Property			
Land	6,619	-	6,619
Buildings	52,966	-	52,966
	59,585	-	59,585
Infrastructure			
Roads	169,919	11,816	181,735
Bridges	65,715	-	65,715
Footpaths and cycleways	6,306	557	6,863
Drainage	570	-	570
	242,510	12,373	254,883
	302,095	12,373	314,468
Other			
Investment in associates	19	-	19
	19	-	19
Total asset revaluation reserves	302,114	12,373	314,487
2019 - Restated *			
Property			
Land	6,619	-	6,619
Buildings	55,097	(2,131)	52,966
	61,716	(2,131)	59,585
Infrastructure			
Roads	168,867	1,052	169,919
Bridges	54,373	11,342	65,715
Footpaths and cycleways	6,585	(279)	6,306
Drainage	570	-	570
	230,395	12,115	242,510
	292,111	9,984	302,095
Other			
Investment in associates	19	-	19
	19	-	19
Total asset revaluation reserves	292,130	9,984	302,114

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

* See note 9.4 for information regarding a prior period adjustment

Note 9 Other matters (cont.)

	Balance at beginning of reporting period	Transfer to / (from) accumulated surplus	Balance at end of reporting period
(b) Other reserves	\$'000	\$'000	\$'000
2020			
Economic development	247	-	247
Gravel pits restoration	97	(40)	57
Community loans	(2)	42	40
Waste management	2,320	869	3,189
Long service leave	304	(15)	289
Defined benefits	300	-	300
Loan repayments	1,225	275	1,500
Total other reserves	4,491	1,131	5,622
2019			
Economic development	247	-	247
Gravel pits restoration	138	(41)	97
Community loans	(2)	-	(2)
Waste management	1,155	1,165	2,320
Long service leave	284	20	304
Defined benefits	300	-	300
Loan repayments	950	275	1,225
Total other reserves	3,072	1,419	4,491

Economic Development Reserve - Funds held for use in enhancing the economic development of our towns.

Gravel Pits Restoration - Provision of the established rehabilitation of gravel pits. No further provision will be added to this in the future.

Community Loans Reserve - Funds held for the restoration of shop front verandahs and other community benefits.

Waste Management - Funds held for the restoration of waste sites and bin replacement.

Long Service Leave Reserve - Funds held for employee long service leave.

Defined Benefits Reserve - Funds held for future calls on defined benefits superannuation.

Loan Repayments Reserve - Funds are being held for the future repayment of interest only loans

**Notes to the Financial Report
For the Year Ended 30 June 2020**

	2020 \$'000	2019 \$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	1,477	1,461
Depreciation	12,066	10,201
Amortisation - Right of Use Assets	105	-
Net loss on disposal of property, infrastructure, plant and equipment	1,553	2,819
Reversal of Provision	(45)	(46)
Share of (profit)/loss of associates	(7)	2
Finance costs (included in financing activities)	111	124
Finance Costs - Leases (included in financing activities)	3	-
Withdrawal from Investment in Associates	323	-
Other - WIP movements	24	21
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	70	(644)
(Increase)/decrease in other assets	418	(600)
Increase/(decrease) in trade and other payables	1,715	1,718
(Decrease)/increase in other liabilities	15	(117)
(Increase) in inventories	(17)	1
Increase/(Decrease) in provisions	(239)	173
Net cash provided by operating activities	17,572	15,113

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2020, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding Arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

A triennial actuarial review is currently underway for the Defined Benefit category as at June 2020 and is expected to be completed by 31 December 2020.

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 107.1%. The financial assumptions used to calculate the VBIs were:

Net investment returns 6.0% pa
Salary information 3.5% pa
Price inflation (CPI) 2.0% pa

Vision Super has advised that the estimated VBI at 30 June 2020 was 104.6%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

9.3 Superannuation (cont.)

Employer Contributions

Regular Contributions

On the basis of the results of the 2017 full actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate is expected to increase in line with any increases in the SG contribution rate and reviewed as part of the 30 June 2020 triennial valuation. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding Calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2019 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019 and the last full actuarial investigation was conducted as at 30 June 2017. The Fund's actuarial investigations identified the following for the Defined Benefit category of which Council is a contributing employer:

- A VBI surplus of \$151.3 million; and
- A total service liability surplus of \$233.4 million.
- A discounted accrued benefits surplus of \$256.7 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2019. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2019. The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2019. Council was notified of the 30 June 2019 VBI during August 2019 (2018: August 2018).

2020 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of this investigation are:

2020 Triennial investigation:

Net investment return	5.6% pa
Salary inflation	2.50% pa for the first two years and 2.75% pa thereafter
Price inflation	2.0% pa

9.4 Adjustment to prior period

Council has identified a number of material prior period adjustments. Council has adjusted comparative numbers for the adjustment and restated each of the affected financial statements for the 2020 financial year, as shown in the tables below. The adjustment has been applied as at 1 July 2018.

Recognition of road revaluation

During the 2019/20 financial year Council completed a fair value review of assets. The valuation input for sealed pavement road assets was amended to reflect the cost of supply of road construction material from Council's gravel pits. The previous valuation method relied on the valuation of road construction materials based on the unit price provided from third party contractors, itself being representative of an average sector derived rate.

Applying a more specific valuation input rate based on materials sourced from Council's gravel pits has resulted in the restatement of the fair value of road assets in the prior period as at 1 July 2018. The impact of this restatement is a reduction to the 2019 Year opening fair value of roads by \$61.138m and accumulated depreciation of \$6.732m with a resultant change in opening net assets of \$54.406m.

The valuation of sealed surface road assets was also amended to move away from applying a sector derived standard to instead reflect Council's specific practice of constructing two layers of road seal. The prior valuation recognised only one layer of road seal. The impact of this correction resulted in an addition to the 1 July 2018 opening balance comprising \$17.031m opening fair value for roads and an increase in accumulated depreciation of \$4.470m with a resultant change in opening net assets of an additional \$12.561m.

In addition, the restated 2019 opening balance also includes the impact of found and relinquished assets comprising \$3.313m fair value less \$0.747m accumulated depreciation that was not previously identified in the audited 2019 financial report. This resulted from the recognition of assets previously thought to be controlled by Grampians Wimmera Mallee Water and other long lived assets that were not recognised until brought to Council's attention via customer requests. A separate schedule, by asset class, is included in this disclosure note.

Restatement on the Balance Sheet

	Actual 2019 \$'000	Opening bal. Adjusted 2019 \$'000	Restated Actual 2019 \$'000
Non current assets			
Found & relinquished assets recognised	-	3,313	3,313
Found & relinquished assets acc dep	-	(747)	(747)
Road Assets - Restatement	-	(44,107)	(44,107)
Road Assets - Restatement acc dep	-	2,262	2,262
	-	(39,279)	(39,279)
Equity			
Accumulated Surplus	131,363	2,566	133,929
Reserves	348,450	(41,845)	306,605
Total equity	479,813	(39,279)	440,534

9.4 Adjustment to prior period (cont)

Restatement on the Statement of Changes in Equity

	Actual 2019 \$'000	Opening bal. Adjusted 2019 \$'000	Restated Actual 2019 \$'000
Accumulated Surplus	131,363	2,566	133,929
Revaluation Reserve	343,959	(41,845)	302,114
Other Reserves	4,491	-	4,491
Balance at opening of the financial year	479,813	(39,279)	440,534

Found & relinquished assets

	Current Cost \$'000	Accum. Depn \$'000	2019 WDV \$'000
<i>Details of found assets:</i>			
Buildings	25	(2)	23
Roads	959	(388)	571
Bridges	2,481	(284)	2,197
Footpath	450	(189)	261
Drainage	17	(6)	11
Total	3,932	(869)	3,063
<i>Details of relinquished assets:</i>			
Land	(234)	-	(234)
Buildings	(25)	14	(11)
Roads	(343)	100	(243)
Drainage	(8)	3	(5)
Open Spaces	(9)	5	(4)
Total	(619)	122	(497)
Total Found & relinquished assets	3,313	(747)	2,566

10 Change in accounting policy

Council has adopted *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

AASB 15 Revenue from Contracts with Customers applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted *AASB 15 Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under *AASB 118 Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 Revenue from Contracts with Customers requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

b) AASB 16 Leases

AASB 16 Leases requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. Council has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures. The transition impact of these are detailed below.

c) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted *AASB 1058 Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 Income of Not-for-Profit Entities requires income to be recognised as Council satisfies the performance obligations under the contract.

10 Change in accounting policy (cont)

d) Transition impacts

The following table summarises the impact of transition to the new standards on retained earnings at 1 July 2019.

	2019 \$'000
Retained earnings at 30 June 2019	-
Revenue adjustment - impact of <i>AASB 15</i>	-
Income Adjustment - impact of <i>AASB 1058</i>	-
Retained earnings at 1 July 2019	-

Council adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019. As such there was no impact on retained earnings on the adoption of *AASB 16 Leases*.

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019 \$'000	Adjustments \$'000	Post adoption \$'000
Assets			
Right of use assets	-	314	314
	-	314	314
Liabilities			
Lease liability - current	-	113	113
Lease liability - non-current	-	201	201
	-	314	314

Northern Grampians Shire Council Performance Statement For the year ended 30 June 2020

Possessing some of the world's most spectacular natural scenery and a rich golden heritage, the Northern Grampians Shire has established an exceptional reputation as an ideal place to live, work and invest.

Location

Located in the picturesque Grampians region of Victoria, the shire covers almost 6,000 square kilometres and services the major towns and villages of Stawell, St Arnaud, Great Western, Halls Gap, Navarre, Glenorchy, Marnoo and Stuart Mill.

National Parks

The Grampians National Park is one of Victoria's most iconic holiday destinations, attracting more than 1.5 million visitors each year. Renowned for its breathtaking views and unspoilt nature, the area is a noted rock climbing destination, popular among campers and bushwalkers. Declared in 1884, the 168,000 hectare park is rich in Aboriginal culture, European heritage and stunning wildflower displays. It is also home to almost a third of the state's plant species and an abundance of wildlife.

The Kara Kara National Park spans 13,900 hectares of predominantly steep terrain and allows visitors to experience what the forests were like before the gold rushes. The park has one of the largest intact areas of Box-Ironbark vegetation and encompasses the former Kara Kara State Park and much of the St Arnaud Range State Forest.

Industry

The shire's economy is based on manufacturing, agriculture, tourism and wine production. The two main centres of Stawell and St Arnaud supply and service agricultural machinery and are home to industries including brick, steel fabrication and meat production.

QUICK STATS:

Area: Approximately 5,918 square kilometres

Population: Approximately 11,420

Road Length: 3,380km of local roads

Rateable Properties: 9,367

Industry: There are more than 2,200 businesses operating in the shire, with major activity based in the thriving tourism, manufacturing and agricultural industries.

Major Attractions: Stawell Easter Gift Festival, Grampians Grape Escape, Grampians Arts Trail, Grampians Wildflower Festival, Festival of St Arnaud, St Arnaud Country Music Festival, Great Western Rodeo, Stawell Gold Cup, St Arnaud Cup, Great Western Cup, Halls Gap Cup, Run the Gap, Stawell Gift Hall of Fame and Grampians National Park.

**Northern Grampians Shire Council
Sustainable Capacity Indicators
For the year ended 30 June 2020**

Indicator/measure	Result 2017	Result 2018	Result 2019	Result 2020	Material Variations
Own-source revenue <i>Own-source revenue per head of municipal</i> [Own-source revenue / Municipal population]	\$1,585	\$1,804	\$1,769	\$1,779	Minimal change due to limited capacity to improve revenue sources and constant population.
Recurrent grants <i>Recurrent grants per head of municipal</i> [Recurrent grants / Municipal population]	\$1,275	\$981	\$915	\$1,013	Increase due to lower than expected prior year result. This ratio is expected to remain constant each year due to limited recurrent grant opportunities plus a constant population.
Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,912	\$3,465	\$3,311	\$3,380	Minimal change to unit cost due to limited capacity to increase service partly due to the impact of COVID-19.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$35,079	\$35,120	\$39,634 *	\$37,149	2019 prior year should be \$36,272 following a restatement (reduction) of the 2019 infrastructure amount due to the impact of asset devaluations. The 2020 result is therefore an increase on the 2019 restated result where this increase is due to the impact of current 2020 year asset revaluations (increase in the asset values).
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	3.3	3.4	3.4	3.4	Minimal change due to constant population and fixed road length.
Disadvantage <i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	1	1	1	1	Minimal change due to constant demographic.
Workforce Turnover <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	10.0%	20.1%	22.9%	15.0%	Increase in appointments to Council and improvement in staff retention levels.

Definitions

"adjusted underlying revenue" means total income other than -

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"infrastructure" means non-current property, plant and equipment excluding land

"local road" means a sealed or unsealed road for which the council is the responsibility road authority under the *Road Management Act 2004*

"population" means the resident population estimated by council

"own-source revenue" means the adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes of Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"unrestricted cash" means all cash and cash equivalent other than restricted cash

**Northern Grampians Shire Council
Service Performance Indicators
For the year ended 30 June 2020**

Service/indicator/measure	Result 2017	Result 2018	Result 2019	Result 2020	Material Variations
Governance Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	44	47	51	50	Marginal decrease to the level of satisfaction.
Statutory Planning Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	0.0%	0.0%	0.0%	0.0%	There were no VCAT decisions in relation to planning applications for the year
Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	54	48	53	50	Marginal decrease in satisfaction level to 50%.
Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x100	15.4%	15.2%	14.0%	12.9%	Northern Grampians will directly manage the library operations from July 2020 with an aim to review the level of collection usage, due to the decrease of active library borrowers. Further reductions due to closure of libraries due to Covid-19 pandemic.
Waste Collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	31.9%	33.6%	33.6%	31.7%	Relatively constant percentage of waste diverted from landfill. Slight decrease likely to be impacted by COVID-19 with families remaining at home and generating additional waste products.
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	4.5	3.9	4.1	4.4	Increase in result due to combining the gymnasium and fitness centre with the aquatic facilities. Memberships to the facility now include access to both the gym and pool and the increase in admissions is reflective of this.
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	0	0	0	No recorded prosecutions to date.
Food Safety Health and safety <i>Critical and major non-compliance notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about a food premises] x100	100.0%	100.0%	100.0%	100.0%	

**Northern Grampians Shire Council
Service Performance Indicators
For the year ended 30 June 2020**

Service/indicator/measure	Result 2017	Result 2018	Result 2019	Result 2020	Material Variations
Maternal and Child Health (MCH) Participation					
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	89.0%	90.7%	85.9%	84.0%	Consistent rate of participation to prior year.
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	94.7%	83.3%	93.3%	89.4%	Marginal decrease in participation rate.

"Aboriginal child" means a child who is an Aboriginal person

"food premises" has the same meaning as in the *Food Act 1984*

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"active library members" means a member of a library who has borrowed a book from the library

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

"class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

"population" means the resident population estimated by council

"class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"Work Safe" reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian Work Cover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

"critical non-compliant outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health

**Northern Grampians Shire Council
Financial Performance Indicators
For the year ended 30 June 2020**

Dimension/indicator/measure	Result 2017	Result 2018	Result 2019	Result 2020	Forecasts				Material Variations
					2021	2022	2023	2024	
Operating position									
Adjusted underlying result									
<i>Adjusted underlying surplus (or deficit)</i>	2.4%	-20.6%	-19.6%	-16.2%	-43.3%	-21.5%	-20.8%	-20.0%	Insufficient revenue base resulting in ongoing deficit's. This result reinforces the inability to fully fund infrastructure renewal demand, due to ongoing deficits.
[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100									
Liquidity									
Working capital									
<i>Current assets compared to current liabilities</i>	301.0%	362.2%	368.0%	396.1%	167.2%	143.3%	145.4%	143.1%	Increase due to financial assistance grants received in advance and incomplete capital works program. Future years assumes capital program will be expended.
[Current assets / Current liabilities] x100									
Unrestricted cash									
<i>Unrestricted cash compared to current liabilities</i>	246.3%	268.0%	191.0%	235.1%	132.6%	103.8%	105.3%	102.8%	Increase due to financial assistance grants received in advance and incomplete capital works program. Future years assumes capital program will be expended.
[Unrestricted cash / Current liabilities] x100									
Obligations									
Loans and borrowings									
<i>Loans and borrowings compared to rates</i>	19.8%	17.5%	15.0%	13.5%	12.0%	5.8%	5.2%	5.2%	Ongoing reduction due to pay down of loan liability.
[Interest bearing loans and borrowings / Rate revenue] x100									
<i>Loans and borrowings repayments compared to rates</i>	2.7%	2.7%	2.6%	1.8%	1.8%	6.2%	0.7%	0.2%	Ongoing reduction due to pay down of loan liability.
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100									
Indebtedness									
<i>Non-current liabilities compared to own source revenue</i>	24.6%	15.1%	13.9%	16.7%	7.2%	7.3%	6.7%	6.2%	Slight increase in current year due to increase in unearned income liabilities.
[Non-current liabilities / Own source revenue] x100									
Asset renewal and upgrade									
<i>Asset renewal and upgrade compared to depreciation</i>	New 2020	New 2020	New 2020	75.1%	101.0%	90.8%	58.0%	61.5%	Insufficient revenue base to fully fund infrastructure renewal requirements.
[Asset renewal and asset upgrade expenses / Asset depreciation] x100									
<i>Asset renewal compared to depreciation</i>	35.5%	29.8%	55.4%	Retired 2020					This measure was replaced by O5 in 1 July 2019.
[Asset renewal expenses / Asset depreciation] x100									
Stability									
Rates concentration									
<i>Rates compared to adjusted underlying revenue</i>	48.1%	50.8%	55.1%	53.8%	66.6%	59.1%	59.3%	59.2%	This ratio reflects Council's reliance on its major income stream, rates and charges, that is relatively fixed over the course of the last four years.
[Rate revenue / Adjusted underlying revenue] x100									
Rates effort									
<i>Rates compared to property values</i>	0.79%	0.80%	0.66%	0.64%	0.57%	0.57%	0.56%	0.55%	Marginal reductions due to the static nature of property valuations.
[Rate revenue / Capital improved value of rateable properties in the municipality] x100									
Efficiency									
Expenditure level									
<i>Expenses per property assessment</i>	\$3,595	\$4,281	\$4,047	\$4,126	\$4,189	\$4,104	\$4,118	\$4,153	The result for 2020 is in the order of 2% increase compared to the prior 2019 financial year. This result is in line with the CPI cost increases.
[Total expenses / Number of property assessments]									
Revenue level									
<i>Average rate per property assessment</i>	New 2020	New 2020	New 2020	\$1,608	\$1,635	\$1,675	\$1,692	\$1,720	Average rates expected to increase in line with the rate cap.
[General rates and Municipal charges / Number of property assessments]									
<i>Average residential rate per residential property assessment</i>	\$1,566	\$1,641	\$1,778	Retired 2020					This measure was replaced by E4 from 1 July 2019.
[Residential rate revenue / Number of residential property assessments]									

Notes

"adjusted underlying revenue" means total income other than -
[a] non-recurrent grants used to fund capital expenditure; and
[b] non-monetary asset contributions; and
[c] contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that is to be expended in a specific manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash

Northern Grampians Shire Council
Other Information
For the year ended 30 June 2020

Basis of preparation

Northern Grampians Shire Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measure together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014.

Where applicable results in the performance statement have been prepared on accounting bases consistent with those reporting in the Financial Statements. The results are based on information drawn from council information systems of from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents that actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 10 August 2020 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can viewed on councils website www.ngshire.vic.gov.au.

Impact of COVID-19

While the COVID-19 pandemic has resulted in a loss of budgeted income to Council, any such financial impost has not adversely impacted the performance statement.

Where appropriate the performance statement includes separate commentary where there is a material change to individual performance measures. Any material change to a performance measure is mainly due to a loss of fee income relating to Council's sports / aquatic facilities, early learning centre plus a waiver to penalty interest relating to the payment of rates and statutory charges. This loss of income totals in the order of \$341k and was incurred from the declaration of the State of Emergency, 16 March 2020 to 30 June 2020. There was no material impact to expenditure for the purposes of determining Council's performance measures.

Northern Grampians Shire Council Certification of the performance statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.



Malcolm Lewis, FCPA
Principal Accounting Officer

Dated: 12 November 2020

In our opinion, the accompanying performance statement of the Northern Grampians Shire Council for the year ended 30 June 2020 presents fairly the results of council's performance in according with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the Local Government (Planning and Reporting) Regulations 2014 to certify this performance statement in its final form.



Cr Murray Emerson
Councillor

Dated: 12 November 2020



Cr Kevin Erwin
Councillor

Dated: 12 November 2020



Liana Thompson
Chief Executive Officer

Dated: 12 November 2020

Independent Auditor's Report

To the Councillors of Northern Grampians Shire Council

<p>Opinion</p>	<p>I have audited the accompanying performance statement of Northern Grampians Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2020 • sustainable capacity indicators for the year ended 30 June 2020 • service performance indicators for the year ended 30 June 2020 • financial performance indicators for the year ended 30 June 2020 • notes to the performance statement and • the certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2020 in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Councillors' responsibilities for the performance statement</p>	<p>The Councillors is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
<p>Auditor's responsibilities for the audit of the performance statement</p>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance</p>

Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
16 November 2020



Saichu Chummar

as delegate for the Auditor-General of Victoria



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8.2 VAGO Management Letter & Closing Report

Discussions took place on the 2019/20 VAGO Management Letter and Closing Report with Mr Phil Delahunty noting that 5 historic points from the management letter had now been closed off and that the on-going work with infrastructure and revaluations has resulted in improved information being provided for audit purposes.

A couple of new management points had been added that centred around infrastructure, in particular the valuation of parks, open spaces and streetscapes and the internal audit function. Phil noted that it was rare for a Council not to have a structured internal audit and that the new Local Government Act 2020 implies that there should be this function. Vaughan Williams confirmed that the CAMMS system will form part of this function for risk mitigation and all risks in the system were in the process of being reviewed.

Phil gave a huge thanks to all the finance and assets team for the work on the financial statements and noted positive learnings for all from the task.

It was agreed for the next audit and risk committee meeting that an action point to consider the use of panels and their effectiveness in the internal audit function would be discussed further.

Action: Mr Vaughan Williams for meeting of 3rd March 2021 - Mr Peter Knights recommended the 2019/20 VAGO Management Letter and Closing Report into Council for review.

Moved: Ms Lynn Jensz

Seconded: Mr Tony Roberts

Carried

Attachments

1. 2019-20 VAGO Final Management Letter NGSC [**8.2.1** - 13 pages]
2. 2019-20 VAGO Closing Report NGSC [**8.2.2** - 20 pages]

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Final Management Letter

2019-2020 Financial report and Performance Statement of
Northern Grampians Shire Council

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Background

I attach for your information the final management letter for the year ended 30 June 2020. The final management letter provides a summary of results of our audit. This report will be discussed at the audit committee meeting on 2nd December 2020.

Acknowledgement

I also take this opportunity to thank your executive team and staff for the time they made available to us during our audit.

Yours sincerely



P.P Delahunty
Partner
RSD Audit
VAGO Audit Service Provider

Bendigo
18 November 2020

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Introduction

We have completed the 30 June 2020 audit and now bring our findings to your attention. Please read this document in conjunction with the closing report, which we will present to the audit & risk committee on 2nd December 2020.

We include our assessment of the audit significance of the findings, which fall into the following categories:

- internal control weaknesses
- financial reporting and performance statement reporting

Appendix A explains the rating criteria we used, and the management action required.

Internal control weaknesses

As part of our audit, we assess the design and implementation of internal controls relevant to financial reporting and performance statement reporting. If we intend to rely on these controls, we test how effectively they are operating.

Financial reporting and performance statement reporting

We may identify errors and weaknesses in management's approach to financial reporting and performance statement reporting, which may lead to material misstatement. We consider how your entity has complied with the Australian Accounting Standards and/or other reporting frameworks.

Reporting and tracking internal control and financial reporting findings

This letter includes:

- our assessment of the significance of the findings
- our recommended actions
- management comments and dates for implementation.

Scope and purpose of the audit

The objective of our audit is to enable the Auditor-General to express an opinion on your financial report and performance statement. When designing our audit procedures, we consider the internal controls relevant to your financial report and performance statement. Our audit strategy communicated our planned approach and level of reliance on internal controls. Expressing an opinion on the effectiveness of internal controls is not part of our audit scope.

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We do not carry out a comprehensive audit of all the processes and systems in your entity's internal controls. We do not try to uncover all deficiencies, breaches and irregularities. Inherent limitations in any process and system of internal controls may mean that we do not detect some errors or irregularities.

Reports to Parliament

In a report to parliament, the Auditor-General may include findings that we rated as high in this letter. Before it is tabled, we will send you a draft of the report to parliament and invite your comments.

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Summary of audit findings

The table below summarises all management letter findings in two areas: either resolved during the period; or open issues, which include 'unresolved', 'partially resolved' or 'substantially resolved' as of the date of this letter.

Finding first raised (month/year)	Reference	Findings	Rating	Classification of deficiency		Area	Resolved (R)/unresolved (U)	Management acceptance	Agreed implementation date
				Internal control	Financial/performance reporting				
Open issues (current and prior period)									
Final 2020	20.4	Internal Audit Function	Moderate	X	-	Governance	New	No	N/A
Final 2020	20.5	Infrastructure Asset Revaluation	Moderate	-	X	Infrastructure	New	Yes	31 May 2021
Final 2020	20.6	Valuation of parks, open spaces & streetscapes, and Other Infrastructure	Low	-	X	Infrastructure	New	Partly	To be determined
May 2020	20.1	Probity Training	Low	X	-	Governance	Progressing	Yes	31 October 2020
May 2020	20.2	Policies and Procedures	Low	X	-	Governance	Progressing	Yes	September 2020
Final 2019	19.3	Provision for Doubtful Debts Assessment	Low	-	X	Receivables	Unresolved	Yes	30 June 2020
Final 2018	18.2	Employee Provisions	Moderate	-	X	Provisions	Progressing	Yes	December 2018
Interim 2018	18.1	Payment Processes	Moderate	X	-	Procurement	Progressing	Yes	December 2018

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Finding first raised (month/year)	Reference	Findings	Rating	Classification of deficiency		Area	Resolved (R)/unresolved (U)	Management acceptance	Agreed implementation date
				Internal control	Financial/performance reporting				
Prior period issues resolved during the period									
May 2020	20.3	Preparedness for the New Accounting Standards	Moderate	-	X	Revenue & Leases	Resolved	Yes	
Final 2019	19.5	Drainage Condition Assessments	Low	X	X	IPP&E	Resolved	Yes	
Final 2019	19.6	Waste Reserve	Low	X	-	Reserves	Resolved	Yes	
Final 2017	17.1	Infrastructure Revaluations	Moderate	-	X	IPP&E	Resolved	Yes	
Final 2015	15.1	Transfers of WIP	Moderate	-	X	IPPE	Resolved	Yes	

Detailed audit findings-open issues

Ref	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
2020.4	<p>Internal Audit Function Under the <i>Local Government Act 2020</i> section 54 Audit and Risk Committee Charter</p> <p>(2) The Audit and Risk Committee Charter must specify the functions and responsibilities of the Audit and Risk Committee including the following-</p> <ul style="list-style-type: none"> (a) monitor the compliance of Council policies and procedures with- <ul style="list-style-type: none"> (i) the overarching governance principles; and (ii) this Act and the regulations and any Ministerial directions; (b) monitor Council financial and performance reporting; (c) monitor and provide advice on risk management and fraud prevention systems and controls; (d) oversee internal and external audit functions. <p>This implies that there is an internal audit function. NGSC does not have an internal audit program. Apart from the Act implying that there should be, good governance and risk management relies in part on the review of compliance with establishment of policies and procedures etc.</p>	<p>We recommend NGSC implement a structured internal audit function, to be undertaken wither in-house or provided by an experienced contractor.</p>	<p>Recommendation: Not accepted Responsible officer: Director Corporate Services Implementation date: Not applicable Management comment: Management is in the process of finalising risk review that includes use of the CAMMS system to track strategic and operational risks with ongoing assessment and action plans. Management believes this ongoing review is an appropriate way of managing its risks.</p>
2020.5	<p>Infrastructure Asset Revaluation Timing In each of 2019FY and 2020FY the finalisation of the reporting requirements has been affected and delayed by the identification of Prior Year Errors.</p> <p>The council has implemented improvements to its Infrastructure accounting over recent years, which we commend the council for. However, the improved processes have led to the identification of material deficiencies in existing infrastructure records, requiring adjustments to be made to previously reported balances.</p> <p>These adjustments have substantially delayed the finalisation of the audit and caused substantial additional audit hours to be incurred.</p> <p>The revaluation process commences well before the end of the financial year but is not finalised until after June.</p>	<p>While substantial work has been undertaken in recent years, some infrastructure records are still to be examined under these new processes.</p> <p>We recommend that the Council bring forward the infrastructure revaluation, and accounting, to allow it to be finalised, and audited, prior to 30 June. In that way, should further challenges occur, they can be resolved before the reporting deadlines.</p>	<p>Recommendation: Accepted Responsible officer: Manager Infrastructure Implementation date: May 2021 Management comment: Management has recognised the need for more timely completion of asset revaluations and scheduled the next phase of asset fair value reviews (and required revaluation) for 31 December 2020 (and each 12 months subsequent to this as per the asset revaluation and condition assessment schedule). Revaluation reports are to be available for the interim audit including review at the June 21 Audit & Risk Committee meeting.</p>

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Ref	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
2020.6	<p>Valuation of parks, open spaces & streetscapes, and Other Infrastructure</p> <p>Council values most infrastructure at Fair Value, but parks, open spaces & streetscapes (WDV \$4.7m), and Other Infrastructure (WDV \$166K) are instead valued using the Cost Basis.</p> <p>The Local Government Better Practice Guide for Financial Reporting states at G75 that “The overriding principle in the recognition of assets is that all assets must be recognised at their fair value.” Then at G76 its further states “Councils are required to undertake revaluations with such regularity to ensure that at all times the reported value of assets is not materially different to that which would be determined if a full revaluation was undertaken.”</p>	<p>We recommend that the council adopt the Fair Value basis of accounting for these classes of assets, and undertake a revaluation at the earliest opportunity.</p> <p>A revaluation would also allow the council to review the completeness and accuracy of the asset registers for these classes of assets, as occurs when Council undertakes revaluations of its other infrastructure categories.</p>	<p>Recommendation: Partly accepted Responsible officer: Manager Infrastructure Implementation date: To be determined Management comment: Management have made significant strides over the past 4 years to address the revaluation and recording of infrastructure assets. (from a financial reporting perspective and an on the ground use perspective). Management believe that the cost to perform a full assessment and revaluation of parks & open space assets would be cost prohibitive given the limited resources of small rural councils in the context of rate capping and an increasing infrastructure gap. Notwithstanding the above, management will continue to work with the auditors to find cost effective solutions in order to comply with accounting standards and audit recommendations.</p>
2020.1	<p>Probity Training – Interim 2020</p> <p>Probity is a fundamental part of every procurement project and activity. Probity provides a level of assurance to delegates, suppliers that procurement was conducted in a manner that is fair, equitable and defensible.</p> <p>Based on our discussion with NGSC staff, probity training is only provided at the commencement of employment. It is noted that there is no refresher training administered on a regular basis.</p>	<p>We recommend that probity training is reinforced to all NGSC staff members on a regular basis. Probity training should be tailored to the needs of NGSC staff and offers the foundations of probity together with practical case studies to facilitate an improved understanding of how probity applies in a government service context.</p>	<p>Recommendation: Accepted Responsible officer: Manager Financial Services Implementation date: Ongoing Management comment: Probity from a procurement perspective forms part of the Procurement Policy that is adopted by Council on an annual basis. Ongoing refresher training is provided to staff following the adoption of the 2020 Procurement Policy. This training commenced in October 2020.</p>
2020.2	<p>Policies and Procedures – Interim 2020</p> <p>Based on the review performed on policies and procedures, we noted that the following policies are past their review dates.</p> <ul style="list-style-type: none"> • Rates Debt Collection Policy (last reviewed in March 2014) • Human Resources Policy (last reviewed in February 2016) 	<p>We recommend that NGSC perform a cyclical review of all policies and procedures. In addition, the frequency of the agreed review dates stipulated in each of the policies and procedures should be reviewed to confirm the frequency is appropriate.</p> <p>Final 2020 Audit Update: This action will be reviewed in our 2021 interim audit.</p>	<p>Recommendation: Accepted Responsible officer: Manager Financial Services Implementation date: Ongoing Management comment: Council's policies and procedures form part of a regular cyclical review notwithstanding the age of the documents flagged by the auditors. The Rates Debt Collection Policy was recently the subject of review and amendment however, in the current COVID-19 environment,</p>

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Ref	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
	<p>Final FY 2020 Audit Additional Finding</p> <p>We also noted additional policies and procedures that are past their review dates:</p> <ul style="list-style-type: none"> • Business Continuity Management Framework (last reviewed in February 2014) 		<p>management did not consider it prudent timing for Council to review rates debt collection.</p> <p>Review of the Human Resources Policy was delayed until June 2021 due to the Workforce Development Planning requirements under the new Local Government Act 2020.</p> <p>The update of the Business Continuity Management Framework is delayed due to resource constraints. Management is aware of the delay and will consider engaging an external resource, to complete this work, at the next Risk Committee meeting and/or the statutory Audit & Risk Committee.</p>
2019.3	<p>Provision for Doubtful Debts Assessment</p> <p>Due to the adoption of AASB 9 for 2019, there has been a change in the way entities are to assess receivable balances for impairment. This new standard introduces an expected credit loss model (ECL) that recognises potential losses based on forward-looking information (rather than based on a currently impaired assessment model). This requires management to develop a 'provision matrix', where the provision for doubtful debts for trade receivables is based on an assessment of the historical default rate, as well as consideration to specific factors.</p>	<p>We recommend management review the updated standard to ensure the provision is recognised in accordance with the expected credit loss model.</p> <p>Final 2020 Audit Update:</p> <p>Based on the review of the provision for doubtful debt at year-end the ECL methodology still have not been applied by NGSC. However, we note the very low level of bad debts historically. Despite this, we recommend management formally review the ECL annually, and take into account changing economic circumstances if appropriate.</p>	<p>Recommendation: Accepted</p> <p>Responsible officer: Manager Financial Services</p> <p>Implementation date: 30 June 2020</p> <p>Management comment: The Manager Financial Services will work with revenue staff to review outstanding debts for any possibly provisions required.</p> <p>Management update Interim Audit FY20:</p> <p>A review is currently being undertaken with revenues staff for the credit loss model.</p> <p>Final 2020 management comment:</p> <p>Management accepts the auditor's recommendation and will adapt the current credit loss applied to the sundry debtors to the provision for doubtful debts. It should also be noted that NG record a low level of doubtful debts that mitigate the risk of potential write off.</p>

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Ref	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
2018.2	<p>Employee Provisions</p> <p>During our 2018 audit of the employee provisions, we noted several issues, none of which were material, but which raise questions about the accuracy of the excel based leave register. Furthermore, it was noted the AL and LSL hours in the manual calculations were more than the hours reported in the leave register report from the system.</p> <p>Consequently, there is a potential overstatement of the LSL liability warranting further investigation during 2019.</p> <p>Final FY 2020 Audit Update</p> <p>Based on our detailed review of the LSL at year end, we have noted an error in the LSL model used by NGSC. The result of the errors are immaterial overall hence no adjustment was required as a result of the review.</p> <ul style="list-style-type: none"> The model uses a higher nominal LSL hours, resulting to an immaterial overstatement in LSL Prior year discount rates have been applied instead of FY 2020. 	<p>We recommend management review the system generated leave register report to determine whether this can be used as the basis for AL and LSL liabilities, and review the AL and LSL calculations to ensure the calculations are accurate and reduce some of the complexities in the calculation (if possible).</p>	<p>Recommendation: Accepted</p> <p>Responsible officer: Manager Financial Services</p> <p>Implementation date: December 2018</p> <p>Prior Year management response:</p> <p>Council prepares the complete employee provisions listing at the end of each financial year. Management will work on this process during FY19 and prepare a reviewed and accurate listing for the FY19 audit.</p> <p>Management update Interim Audit FY20:</p> <p>Work has been completed with final adjustments to balances to be made as part of the year end reporting.</p> <p>Management update final FY 2020:</p> <p>Management agree that a higher discount rate was applied that marginally overstated the employee provision.</p>
2018.1	<p>Payment Processes</p> <p>During the audit of payment procedures in 2018, we identified several minor weaknesses:</p> <ul style="list-style-type: none"> There is no annual review of administrators, authorisers and creators of electronic payments (noted appointments based on role) There is no policy for the appointment or removal of administrators/authorisers/creators Credit card agreements are not updated on a regular basis (i.e. every 3-5 years) Credit card holders are not reviewed annually <p>In addition, we noted the following matters which have been discussed with management who have noted these are system limitations, and there are other mitigating controls in place to reduce the risk:</p>	<p>We recommend the following:</p> <ol style="list-style-type: none"> Administrators, creators, authorisers and credit card holders be reviewed annually to ensure such delegations are appropriate Current policies be updated to ensure appropriate processes are in place for the appointment and deletion of administrators etc Ensure the purchasing/credit card policy is updated to ensure credit card agreements are updated on a regular basis <p>Final 2020 Audit Update:</p> <p>We will review the changes during our 2021 year interim audit.</p>	<p>Recommendation: Accepted</p> <ol style="list-style-type: none"> Accept recommendation Accept recommendation Accept recommendation <p>Responsible officer: Manager Finance</p> <p>Implementation date: December 2018</p> <p>Prior year management response:</p> <p>Management are in the process up updating cardholder agreements, or ensuring staff acknowledge the policy on a regular basis. Management are yet to address the other two points. Therefore, we suggest this is included as part of the annual delegations' review. This will be reviewed as part of our interim audit in FY20.</p> <p>Work is progressing on the above recommendations with the aim of finalising these processes by 31 December 2019. Lack of resources have made the initial agreed timescales unattainable.</p>

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Ref	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
	<ul style="list-style-type: none"> Only one administrator can add a user of electronic banking, however it required two authorisers to make a change to authorisers, creators etc The payment file extracted from the finance system can be edited prior to upload to the banking portal <p>Payments can be created directly in the banking platform, circumventing the finance system</p>		<p>Management update Interim FY20</p> <p>Updates to policy and procedures have been drafted and currently awaiting sign off by Executive Team.</p> <p>Management update final FY 2020:</p> <p>The credit card policy has been amended since year end and includes details that the credit card agreements are updated on a regular basis. Credit card holders are now reviewed on an annual basis and an electronic approval & acceptance process has been set up to incorporate the card holders acceptance of the agreed credit card terms and conditions. This serves as a reminder for all holders as to their Any changes to a credit card user throughout the year are also now issued with an updated agreement that is required to be signed off by the card holder.</p> <p>The updated policy was also the subject of a report to the Audit & Risk Committee.</p> <p>An internal process also exists regarding bank signatories / users. This process documents additions and deletions to Council bank accounts, including administrators, authorised signatories and normal users. This is reviewed on an annual basis or when changes to the user type occurs.</p>

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APPENDIX A

Rating definitions and actions

Rating	Description of rating	Management action required
High	<ul style="list-style-type: none"> → A material misstatement in the financial report has occurred or is likely to occur. It could result in a modified audit opinion if the entity does not take urgent action. → A control weakness could cause, or is causing, a major disruption to the entity's ability to achieve process objectives and comply with relevant legislation. 	<ul style="list-style-type: none"> → Executive management must correct the misstatement in the financial report or take urgent action to avoid a modified audit opinion. → Management must immediately create a detailed action plan that the entity will implement within one month.
Moderate	<ul style="list-style-type: none"> → A non-material misstatement, which has the potential to become material, has occurred, or is likely to occur, in the financial report. → A control weakness could have, or is having, a moderately adverse effect on the entity's ability to achieve process objectives and comply with relevant legislation. 	<ul style="list-style-type: none"> → Management must immediately create a detailed action plan that the entity will implement within three to six months.
Low	<ul style="list-style-type: none"> → A misstatement (not expected to be material) is likely to occur in the financial report. → A minor control weakness, with minimal but reportable impact, is affecting the entity's ability to achieve process objectives and comply with relevant legislation. 	<ul style="list-style-type: none"> → Management must immediately create a detailed action plan that the entity will implement within 12 months.

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Closing Report
2019-2020 Financial Report and Performance
Statement of Northern Grampians Shire
Council

Presented to the audit & risk committee on 2nd December 2020

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Background

I have enclosed for your information the closing report for the year ended 30 June 2020. The closing report provides a summary of results of our audit. This report will be discussed at the audit & risk committee meeting on 2nd December 2020.

Acknowledgement

I also take this opportunity to thank your executive team and staff for the time they made available to us during our audit.

Yours sincerely



P.P Delahunty
Partner
RSD Audit
VAGO Audit Service Provider

Bendigo
18 November 2020

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Introduction

Purpose of the closing report

- Our closing report summarises the results of our audit and communicates significant findings from the final audit phase.
- Please read this document in conjunction with our audit strategy issued on 31st March 2020.

Scope and purpose of the audit

- The *Audit Act 1994* requires the Auditor-General to form an opinion on your financial report and Performance Statement and provide a copy of the audit report to you.
- Copies of the report are also provided to the Minister responsible for the entity, and where applicable (i.e. when modified or when the AG directs) to the Assistant Treasurer, who is the minister responsible for administering *Local Government Act 1989*.

The Auditor-General

The Auditor-General is:

- an independent officer of the Victorian Parliament
- appointed under legislation to examine, on behalf of parliament and taxpayers, the management of resources within the public sector
- not subject to the control or direction of either parliament or the government.



Audit completion status

We have substantially completed our audit of the financial report and Performance Statement. We performed our audit in accordance with the *Audit Act 1994* and the terms of our engagement letter. We can provide reasonable assurance that the financial report and Performance Statement presented fairly under the *Local Government Act 1989*.

Expected audit opinion

Based on our audit, we expect to conclude that the financial report is presented fairly. We also expect to conclude that the performance statement is presented fairly. We expect to issue unmodified audit opinions.

Outstanding audit matters

There are no remaining outstanding audit matters.

Areas of audit focus

Our audit focused on the financial report balances / disclosures / areas that we rated as higher risk for material misstatement in your financial report and Performance Statement.

After the State of Victoria declared a State of Emergency on 16 March 2020, we revisited our audit approach to consider impacts of the COVID-19 pandemic on your operations and financial report. We were required to revise our audit approach and reissue/revise of our strategy.

Our procedures enabled us to conclude, with reasonable assurance, whether the risks resulted in a material misstatement. The outcome of our procedures is summarised in this section.

Risk of material misstatement	Our audit response	Results of our key procedures
<p>1. COVID-19 Pandemic Impacts on Financial Reporting</p> <p>Governments and industries are taking significant local and global measures in response to the global pandemic COVID-19 virus, known as coronavirus. There is ongoing uncertainty with rapid and evolving responses.</p> <p>Businesses are changing the way they operate and, in some cases, closing operations to contain the spread and to prioritise the health and safety of our communities.</p> <p>VAGO and our audit service providers have implemented our remote audit protocol. The objective of this protocol is to allow for the continuation of our audit services while minimising our impact on your operations.</p> <p>During times of significant uncertainty:</p> <ul style="list-style-type: none"> • staff morale, wellbeing and decision making may be affected • key resources may be limited or be redeployed to areas of critical need, and <p>internal controls may not operate as intended.</p>	<p>In response, we:</p> <ul style="list-style-type: none"> • monitored developments and liaised with management to understand: <ul style="list-style-type: none"> ○ challenges impacting your operations ○ economic, regulatory and operational responses from government ○ impacts on your control environment. • assessed impact(s) on your financial reporting (e.g. revenue sources, demand on services, impacts on your workforce and associated cost implications, valuation of assets and cash flows) • assessed impact(s) on our planned audit approach and modified where necessary, in response to changes in risks and the nature and availability of evidence • scheduled the best timing for our work to accommodate any additional pressure your organisation may be under in response to the pandemic. 	<p>While there was significant change to your organisation's operations, this did not have a significant financial or economic impact requiring changes to our audit strategy.</p> <p>Our audit team adopted remote working protocols and organised required remote auditing tools with the Council. While challenging for both parties it did not create additional reporting risks.</p> <p>RSD Audit reviewed Financial Statements and discussed appropriate COVID-19 disclosure requirements to update the financial statements.</p>

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Risk of material misstatement

Our audit response

Results of our key procedures

2. Valuation of property, plant and equipment

Property, infrastructure, plant and equipment represents a significant part of Council's total assets (\$465m in the 2018–19 financial year), with the majority of these assets carried at fair value.

Determining the fair value of these assets is a highly complex process that relies on numerous assumptions underpinning the valuation methodology, the engagement of valuation experts and the use of management's judgement.

The financial report may include a material misstatement if the valuation is not performed in line with a suitable methodology, by unqualified experts or is based on inappropriate assumptions and judgements.

Valuations may be inaccurate due to the judgement and complexities associated with applying AASB 13 *Fair Value Measurement*. Disclosures may be incorrect or insufficient.

We:

- reviewed the nature and extent of management's oversight and review of the fair value measurement by valuation experts
- reviewed the valuer's report to evaluate the appropriateness of the methodology adopted, assumptions and estimates used and the overall reasonableness of the valuation
- assessed the valuer's competence, skills and experience to conduct an appropriate valuation
- reviewed any indexation calculations prepared by management
- reviewed management's impairment assessments
- reviewed the journals posted by management to support the figures within the financial statements.

The council has been improving its Infrastructure recording and accounting systems in recent years. In undertaking its revaluation this year, 2 changes to the source of Unit Rate inputs were applied. After consultation, it was deemed necessary to treat a large part of the revaluation as a prior period error adjustment.

Unfortunately, the Assetic system did not allow for the depreciation to be recalculated. We estimate that depreciation in 2019 (restated) and 2020 is overstated by \$860,000. While this is a large amount, it was considered to be immaterial, and as any adjustment would have caused an ongoing reconciling item between Assetic and the general ledger, we did not pursue a change to the financial statements.

We are satisfied the approach to undertaking the revaluation was sound, and the prior year errors of 2020 (and 2019) are arising from the fact that Council staff are applying a more robust infrastructure management process now and in doing so, are identifying deficiencies in the historical records.

3. Accounting for landfill airspace and rehabilitation provisions

The provision for landfill restoration and the landfill airspace assessments are complex and involve estimates of future costs, remaining useful life, present value calculations, and the assessment of current vs non-current liabilities. Furthermore, there are ever changing EPA guidelines on rehabilitation. These factors increase the risk of a material misstatement.

We:

- reviewed managements landfill rehabilitation provision calculations in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and ensure management have considered appropriate capping and aftercare management costs in accordance with best practice and relevant guidelines.
- reviewed of management experts work (if any) reviewed CAPEX plans for consistency.

No issues were noted during our audit procedures.

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4. Valuation of Employee Benefits

Employee benefits expense and employee benefits provision form one of the largest items on NGSC's comprehensive operating statement and balance sheet.

The employee benefits provision and expense require a degree of management judgement and estimation to calculate the expected value of the balance.

A number of factors contribute to a higher inherent risk for the balances, including:

- use of employee timesheets and staff rostering processes
- the calculation of leave entitlements is dependent on several variables
- CPI movements and discount factors require the input of assumptions
- the likelihood of employees reaching unconditional service requires estimation
- management need to apply judgement in classifying employee benefit obligations as short term or long term.

We have reviewed in detail the provision calculations prepared by management, including a detailed review of the inputs and factors used to calculate the provisions balances. In addition, we have performed analytical procedures to assess the reasonableness of the balances using data from the payroll and finance systems. These analytical procedures were supported by substantive tests of detail completed on a sample basis.

Based on our testing and review, we concluded that the provisions are stated fairly.

5. New accounting standards applicable in 2019–20

A number of new accounting standards will impact Council's financial report for the first time, in 2019–20.

These standards include:

- AASB 15 Revenue from Contracts with Customers
- AASB 1058 Income for Not-for-profit Entities
- AASB 16 Leases.

Council may not be adequately prepared to make changes to their systems, processes and resources to address the accounting and disclosure requirements of the new accounting standards.

We:

- gained an understanding of Council's process to assess and record the impact of the new accounting standards
- reviewed 'shell' accounts and the financial report against the Local Government Model Financial Report, the requirements of the Australian Accounting Standards and the Local Government (Planning and Reporting) Regulations 2014
- reviewed management's estimates, judgements and assumptions
- reviewed the journals posted by management to support the figures within the financial statements.

These two new revenue accounting standards were difficult to apply and judgmental to interpret and will present challenges going forward also. As a result of the detailed assessment of AASB 1058 and 15, adjusting journals were processed to amend the initial judgements for Income In Advance that we jointly concluded, on further consultation, did not satisfy the specific performance obligation criteria of AASB 15.

Audit findings—financial report

Materiality assessment

Misstatements are considered material if they individually or collectively could influence economic decisions of users of the financial statements. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We have updated the materiality levels indicated in our audit strategy memorandum.

Final overall materiality for the financial report has been set at 5% of IPP&E Balance averaged over the current and 2 prior financial years - \$20.4 million.

Final specific materiality for particular statements, account balances or disclosures has been set at 5% of expenditure averaged over the current and 2 prior financial years - \$1.76 million.

In our view:

- total uncorrected errors above this amount for particular statements, account balances or disclosures would mislead the users of the financial report.
 - risk that there may be material error the financial report increases with the level of accumulated uncorrected error below this threshold.
-

Adjusted audit differences

Our audit procedures identified material audit differences, refer to **Appendix C** for a detailed list.

Unadjusted immaterial differences

Our audit procedures identified immaterial audit differences, refer to **Appendix D** for a detailed list.

Control environment

The Australian Auditing Standards require us to write to those charged with governance about any significant deficiencies we identified during the audit.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

Audit findings—performance statement

Materiality assessment

Misstatements are considered material if they individually or collectively could influence economic decisions of users of the performance statement. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We set materiality for each indicator reported in a performance statement after we consider the qualitative and quantitative factors that influence each indicator. We cannot set an overall materiality level for the performance statement due to its nature.

Adjusted differences

We identified no performance differences in the performance statement, apart from some minor differences in the calculated percentage variances, and enhancements to variance explanations, which have been adjusted.

Unadjusted immaterial differences

We identified no unadjusted immaterial differences in the performance statement

Control environment

The Australian Auditing Standards require us to write to those charged with governance about any significant deficiencies we identified during the audit.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

Other audit findings

Fraud, irregularities or regulatory non-compliance

When performing our risk assessments and conducting our audit procedures, we consider the risk of material misstatement in the financial report and performance statement that may be due to fraud. We are not responsible for preventing or detecting fraud.

Our audit procedures did not identify any specific financial report and performance statement areas of fraud risk or regulatory non-compliance.

Waste, probity & financial prudence

Our procedures are not specifically designed to detect matters of waste, probity and financial prudence but we may detect these matters.

Our audit procedures did not identify any material issues concerning waste, probity or lack of financial prudence.

Accounting policies

Your entity's material accounting policies, material transactions and/or events that occurred during the financial year are in accordance with the Australian accounting standards.

Disagreements with management

No issues noted.

Difficulties encountered in performing the audit

No issues noted.

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Reports to Parliament

Results of the 2019–20 Audits: Local Government

Northern Grampians Shire Council will be included in the Results of the 2019–20 Audits: *Local Government*, scheduled for tabling in March 2021. The report will analyse the financial sustainability, performance and position of the sector. It will inform parliament about the strengths and weaknesses in the control environments of entities within the sector and make recommendations for improvement.

For 2019–20, we focused on impact of COVID 19 pandemic and implementation of new accounting standards on the sector.

We will release an interactive dashboard to accompany the Parliamentary report. This will enable users to visualise:

- sector results over the last five years
- trends and composition analyses for specific entities
- compare results between entities over time.

We may make comment on Northern Grampians Shire Council in the body of the report. If this is the case, we will provide you with relevant extracts of the report for your response.

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VAGO links and resources



VAGO's website

VAGO's role

Annual work plan

Strategic plan

Our reports

Audits in progress

Privacy policy

APPENDIX A

Outstanding audit matters

The following items are outstanding at the date of this report and need to be resolved before we can issue our audit reports.

Item	Action required	Responsibility
There are no outstanding audit matters		

After we issue our audit reports, we are required to undertake the following procedures. We will report any issues we find to your accountable officer for appropriate remedial action.

Item	Our procedure
Annual report	We will review your annual report to confirm that it includes the correct versions of the signed financial report and auditor's report. We will also check that all information in the annual report is materially consistent with the financial report. We request your provision of an electronic copy of the printers' proof of the annual report.
Website publication of annual report	We will review your annual report on your website to confirm that it includes the correct versions of the signed financial report and auditor's report. We request your notification to us of your publication of your annual report on your website.

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APPENDIX B

Management representation letter

As part of gathering audit evidence, we obtain formal management representations about your entity's financial report and Performance Statement. We look at the completeness, preparation, and presentation of the information in the report and statement.

We do not rely solely on the management representations, except when they are the only evidence reasonably available.

A management representation letter has been received.

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APPENDIX C

Adjusted Audit Differences

Financial report component(s)	Adjusted \$	Basis for the difference and the reason/s for adjusting
2020 Asset Revaluation	\$41,845,000 DR	Reallocation of part of the 2020 Roads revaluation from Current 2020 Year adjustment to Prior Year Error
Asset Revaluation Reserve Open Balance	\$41,845,000 CR	
Found Assets	\$2,566,000 DR	Reallocate Found Assets to opening accumulated surplus for prior year error
Opening Accumulated Surplus	\$2,566,000 Cr	
Liability – Unearned Income	\$769,000 DR	Adjustment to reduce initial assessment of Unearned Income on reassessment of AASB15 tests.
Grant Income	\$769,000 CR	

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APPENDIX D

Unadjusted Audit Differences

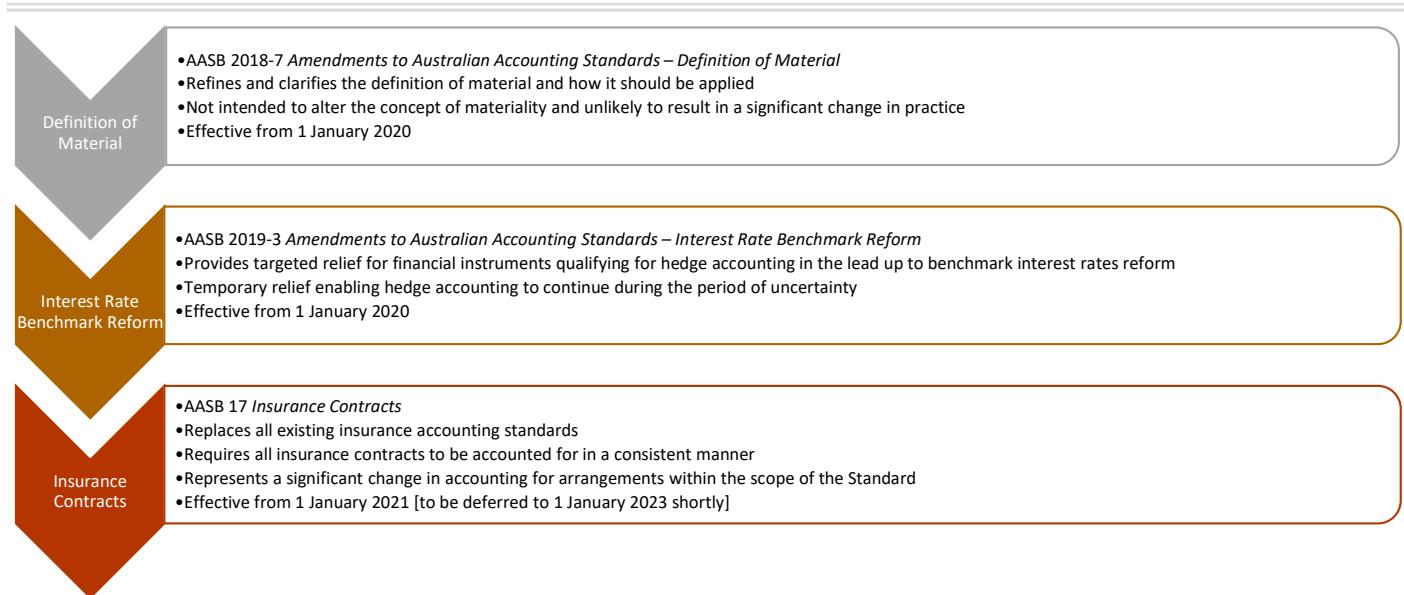
Financial report component(s)	Adjusted \$	Basis for the difference and the reason/s for adjusting
Accumulated Depreciation	\$861,000 Dr	Estimate of depreciation charged on road assets in 2020 that were subsequently adjusted as a prior year overvaluation. The depreciation charges to these assets were not reversed.
Depreciation Expense	\$861,000 CR	

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APPENDIX E

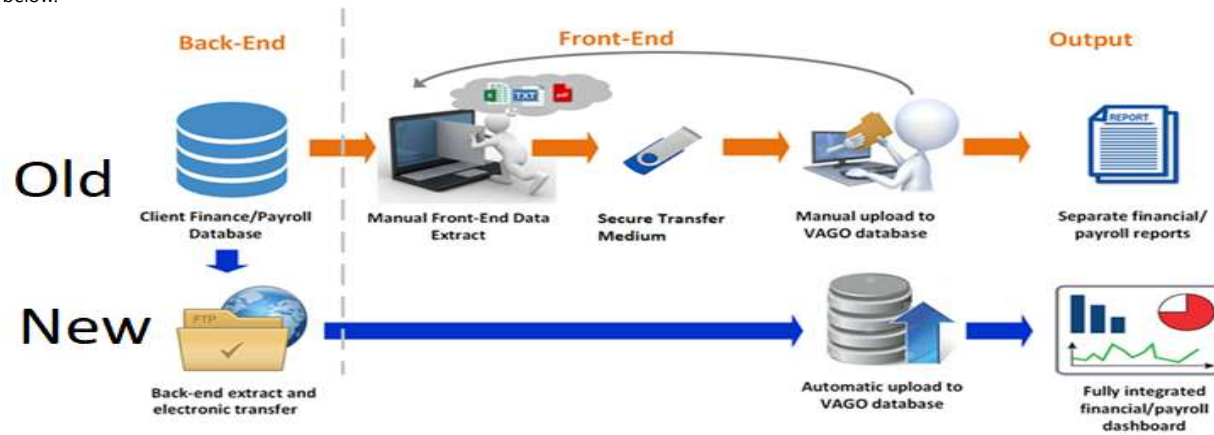
New Accounting Standards

Changes to accounting standards that will come into effect in the public sector during 2020–21 are provided below. Whilst of less significance than prior period agencies, should assess their impact and as appropriate, plan for these changes.



APPENDIX F Data Analytics Strategy

Late 2019 saw us deploy our data analytics toolset which is known to auditors at VAGO as Empower. Empower is a toolset which seeks to minimise the volume of manual tasks performed by our auditors each year and the amount of data we obtain from your staff through more old labour-intensive methods as per the diagram below.



Whilst these processes do not capture all data that we obtain from you as part of our audit, we hope that this new method of data acquisition will reduce the amount of time your staff spends providing us with data in the longer term.

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What does Empower do?

Data provided by our audit clients is formatted, reconciled and then transformed into a 'Single System' .. Empower then makes available pre-built analysis which auditors have traditionally had to do manually each year. Empower currently has a footprint with touches roughly half of all VAGO financial audit staff and across 30 of VAGO's largest audits. The table below outlines some features that is available to our auditors.

General Ledger and Expenditure	Payroll	Revenue	Assets
Easier access to data	Easier access to data	Easier access to data	Easier access to data
Insights and tools to better slice and dice data	Insights and tools to better slice and dice data	Insights and tools to better slice and dice data	Insights and tools to better slice and dice data
Embedded statistical sampling tools	Substantive analytical procedures *	Substantive analytical procedures *	Substantive analytical procedures *
Lead schedules **			

Legends

* pre-built analysis which rebuilds analysis that auditors have typically pieced together manually in an automated way i.e. easier access to high dollar value journals, payroll analytics, depreciation expense recalculation, recalculation of material revenue, etc.

** this process maps an entity's general ledger accounts to the financial statements and streamlines some of the manual tasks undertaken by auditors.

How will this affect you?

Over time you will see less questions focused on the acquisition and quality of data provided, and more questions focused on the insights derived from your data.

Using data on an audit is however a journey rather than a destination. Overtime however, you may see temporary increases in interactions between VAGO auditors and your staff as we refine our data needs and resolve any issues relating to streamlining data acquisition. As always, your VAGO sector director will be in a position to provide you with up to date information.

For any questions please contact the DA team at DataAnalyticsServiceDesk@audit.vic.gov.au

8.3 Quarterly Finance Report - 2020/21

Mr Malcolm Lewis discussed the Quarterly Finance Report for the period ending 30 September 2020 and noted that the report has been signed off in principle by Council. Key points of interest are the significant capital works program that Council has over the current financial year that has been added to resulting from new grants having been awarded.

The committee noted the report.

Attachments

1. Quarterly Finance Report September 2020 [8.3.1 - 16 pages]

Financial Report

30 SEPTEMBER, 2020



Contents

- Carry Forward and Major Variations Report..... 3**
- Executive Summary..... 4**
- Cash Flow Statement..... 4**
- Operating Statement..... 5**
- Operating Progress Graphs..... 8**
- Capital and Project Summary..... 9**
- Capital and Project Expenditure Progress Graph..... 10**
- Capital and Project Expenditure Summary..... 11**
- Capital and Project Revenue Summary..... 12**
- Cash and Investments..... 13**
- Debtors Report..... 15**
- Loan Report..... 16**

FINANCE REPORT - SEPTEMBER 2020: CARRY FORWARDS & MAJOR VARIATIONS

Summary of Variations

The variation between the 2020/21 Adopted Budget and the 2019/20 Actuals made up of the following components: -

		\$000's
Opening Cash		
	Additional Cash @ 30 June 2020 vs 2021 Opening Budgeted Cash Position	<u>6,870</u>
Explanation of Additional Cash		
	<i>Carry Forward to 2020/21:</i>	
	Capital Works & Projects	4,860
	Projects Grants & Contributions	1,576
	Operating Programs	100
		<u>6,536</u>
Explanations of Further Variances Against Additional Cash		
	Savings in Operating Programs	334
		<u>334</u>

Summary of Carry Forwards & Major Variations for 2020/21

Carry Forwards		\$000's
	Capital Works & Projects	4,860
	Project Grants & Contributions	1,576
	Operating Programs	100
		<u>6,536</u>
YTD Major Variations		\$000's
	Balance of 19/20 Flood Income	(449)
	Additional income recovered against annual budget	(119)
	Reversal of contribution expense	(20)
	Taylor's Gully Park - New Grant Funding Received	(16)
	Reversal of investment in associates budget	190
	Bellfield Bike Path - Reversal of AASB15 Income	33
		<u>(381)</u>
Successful Grant Funding (no net impact on cash)		\$000's
	Local Roads and Community Infrastructure	1,858
	Campbells Bridge - Infrastructure	376
	Local Councils Outdoor Eating and Entertainment	250
	Grampians RDV Regional Cycling	200
	COVID Early Learning Centre Support	130
	Rural Council ICT Technology Support	90
	Bushfire Recovery Community Grant	50
	COVID Safe Australia Day Program & Branding	21
	Respect Women: Call it Out	3
		<u>2,978</u>

Executive Summary as at 30 September, 2020

It should be noted that this report only reflects spending to 30 September, 2020.

The forecast shows a favourable movement of \$0.7M in expected closing cash held at the end of the financial year compared to budget.

It is projected that the Council will end the year with \$10.7M cash.

Cash Flow Statement as at 30 September, 2020

	Actuals to September, 2020 \$`000	Total Forecast \$`000	Budget 2020-21 \$`000	Variations to Budget Fav (Unfav) \$`000
Operating Activities				
Revenue				
Rates & Charges	(4,548)	(18,511)	(18,262)	249
Operating Grants	(2,652)	(7,491)	(6,822)	669
Statutory Fees & Fines	(36)	(312)	(318)	(6)
User Fees	(78)	(1,163)	(1,258)	(95)
Contributions	(96)	(418)	(48)	370
Other Revenue	(97)	(327)	(703)	(376)
Total Revenue	(7,507)	(28,222)	(27,411)	811
Expenses				
Employee Costs	4,153	17,123	16,169	(954)
Materials & Services	2,565	14,639	10,064	(4,575)
Borrowing Costs	(5)	102	102	-
Other Expenses	12	1,003	1,455	452
Total Expenses	6,725	32,867	27,790	(5,077)
Major Emergency Operations				
Expenses				
Materials & Services	-	200	-	(200)
Major Emergency Expenses	0	200	0	(200)
Net Operating	(782)	4,845	379	(4,466)
Investing Activities				
Capital Expenditure	2,669	18,838	13,392	(5,446)
Capital Grants	(2,718)	(6,593)	(3,452)	3,141
Capital Income	(2)	(2)	-	2
Capital Contributions	-	(249)	(85)	164
Proceeds from investment in associates	-	-	(190)	(190)
Repayment of Loans & Advances	3	(63)	(63)	-
Net Investing Activities	(48)	11,931	9,602	(2,329)
Major Emergency Restoration Investment Activities				
Capital Grants	(449)	(449)	-	449
Net Major Emergency Restoration	(449)	(449)	0	449
Financing Activities				
Principal Repayments	53	218	218	-
Interest Paid - Lease Liability	-	3	3	-
Repayment of Lease Liability	-	(83)	108	191
Net Trust Movement	(2)	-	-	-
Net Financing Activities	51	138	329	191
Net Movements for Year	(1,228)	16,465	10,310	(6,155)
Opening Cash	27,208	27,208	20,338	6,870
Closing Cash	28,436	10,743	10,028	715

Operating Statement as at 30 September, 2020

25% through the year

	YTD Committed Actuals \$`000	Forecast \$`000	Adopted Budget \$`000	% Actuals to Forecast
Revenue				
Rates & Charges				
Residential	(8,033)	(8,033)	(7,858)	100%
Farm/Rural	(5,017)	(5,017)	(5,025)	100%
Commercial	(783)	(783)	(848)	100%
Industrial	(291)	(291)	(291)	100%
Cultural & Recreational	(11)	(11)	(11)	100%
Municipal Charge	(1,312)	(1,312)	(1,308)	100%
Garbage Charge	(2,815)	(2,815)	(2,810)	100%
Rates in Lieu	(24)	(112)	(112)	21%
Rates & Charges	(18,286)	(18,374)	(18,263)	100%
Grants Capital				
Capital Grants	(3,250)	(7,042)	(5,592)	46%
Grants Capital	(3,250)	(7,042)	(5,592)	46%
Grants Operating				
Aged & Disability Services Grants	(211)	(714)	(714)	30%
Child Care Grants	(286)	(772)	(641)	37%
Economic Development Grants	(575)	(766)	(1,149)	75%
Environmental Grants	-	(75)	(75)	0%
Untied Grants	(946)	(3,903)	(3,903)	24%
Operating Grants	(345)	(1,138)	(217)	30%
Public Safety Grants	(120)	(123)	(123)	98%
Grants Operating	(2,483)	(7,491)	(6,822)	33%
User Fees				
Aged and Disability Service Fees	(100)	(412)	(412)	24%
Child Care Fees	(73)	(276)	(276)	26%
Leisure Fees	(47)	(297)	(297)	16%
Local Law Fees	(17)	(115)	(115)	15%
Other Fees	(20)	(125)	(125)	16%
Public Health Fees	(5)	(7)	-	71%
Rental Income	(24)	(24)	-	100%
Private Works Infrastructure	(4)	(17)	(17)	24%
Waste Management Fees	(9)	(27)	(27)	33%
User Fees	(299)	(1,300)	(1,269)	23%
Statutory Fees and Fines				
Building Fees	(69)	(178)	(178)	39%
Local Law Fees	(5)	(4)	(4)	125%
Other Fees	(3)	(16)	(16)	19%
Planning Fees	(38)	(114)	(114)	33%
Statutory Fees and Fines	(115)	(312)	(312)	37%
Contributions				
Contributions Child Care	(112)	(340)	(340)	33%
Contributions to Capital	-	(251)	(75)	0%
Contributions Debt Collectors	(2)	(30)	(30)	7%
Contributions Other	(48)	(48)	(48)	100%
Contributions	(162)	(669)	(493)	24%
Other Revenue				
Interest Income	(2)	(175)	(175)	1%
Other Revenue	78	(152)	(152)	-51%
Other Revenue	76	(327)	(327)	-23%
Revenue	(24,519)	(35,515)	(33,078)	69%
Revenue (excl Rates & Charges)	(6,233)	(17,141)	(14,815)	36%

Operating Statement as at 30 September, 2020

25% through the year

	YTD Committed Actuals \$`000	Forecast \$`000	Adopted Budget \$`000	% Actuals to Forecast
Expenses				
Employee Benefits				
Salary & Wages	3,557	14,660	14,005	24%
Superannuation	308	1,438	1,410	21%
LSL Provision Movement	-	402	402	0%
Fringe Benefit Tax	(3)	33	33	-9%
Workcover	266	319	319	83%
Training	33	272	246	12%
Employee Benefits	4,161	17,124	16,415	24%
Materials & Services				
Advertising	22	95	94	23%
Audit Fees	2	56	56	4%
Bank Fees	11	66	66	17%
Catering	-	55	45	0%
Communications	12	154	154	8%
Professional Advice	135	369	301	37%
Contractors	593	4,147	3,509	14%
Contributions - Reciprocal	55	105	105	52%
Cost of Goods Sold	30	142	142	21%
Equipment Mtc & Repair	282	678	678	42%
Fuel	112	556	556	20%
Insurance	292	579	579	50%
Leases	91	469	293	19%
Legal Expenses	14	95	95	15%
Memberships & Subscriptions	17	221	221	8%
Minor Equipment	181	289	229	63%
Office Supplies	2	10	10	20%
Other Materials and Services	403	2,560	1,125	16%
Postage & Freight	10	37	37	27%
Printing	14	80	80	18%
Recruitment & Retention Expenses	6	21	21	29%
Security Expenses	9	57	57	16%
Software Costs	225	904	904	25%
Uniforms & Protective Clothing	95	119	115	80%
Utilities	92	435	435	21%
Contract Employees	124	374	374	33%
Materials & Services	2,829	12,673	10,281	22%
Depreciation				
Depreciation	-	11,378	11,378	0%
Depreciation	-	11,378	11,378	0%
Amortisation				
Amortisation	-	99	99	0%
Amortisation	-	99	99	0%
Finance Costs				
Finance Costs	(4)	102	102	-4%
Lease Costs	-	3	3	0%
Finance Costs	(4)	105	105	-4%
Other Expenses				
Contributions - Non Reciprocal	(71)	763	973	-9%
Councillor Allowances	69	214	214	32%
Other Expenses	15	26	26	58%
Other Expenses	13	1,003	1,213	1%
Expenses	6,999	42,382	39,491	17%
Expenses (excl Depreciation)	6,999	30,905	28,014	23%

Operating Statement as at 30 September, 2020

25% through the year

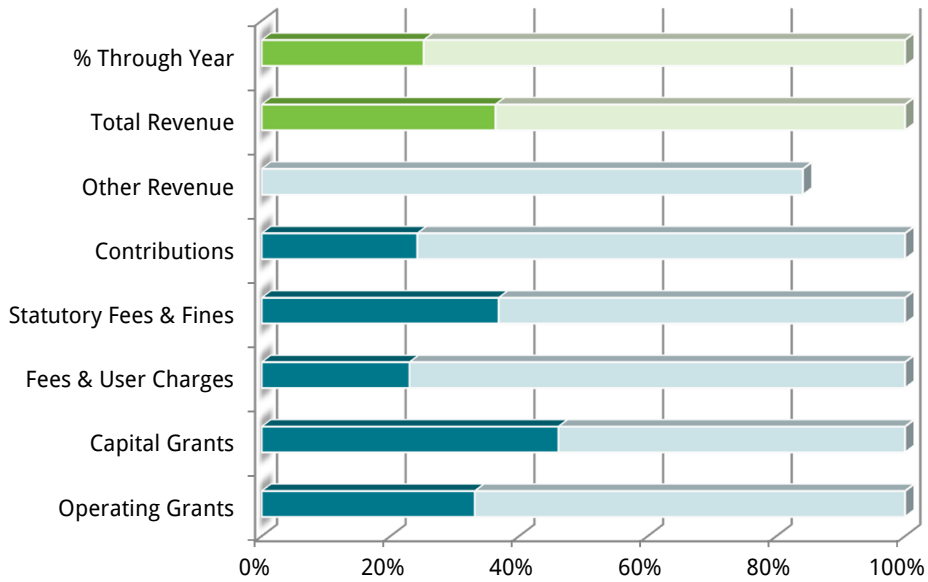
	YTD Committed Actuals \$`000	Forecast \$`000	Adopted Budget \$`000	% Actuals to Forecast
Other Income Statement Items				
Proceeds of Asset Sales	(168)	(35)	-	480%
Written Down Value of Assets Sold	141	35	35	0%
Other Income Statement Items	(27)	0	35	0%
Operating Statement	(17,547)	6,867	6,448	

Discussion:

The depreciation expense is calculated and charged to the general ledger at the end of the financial year. Based on the budgeted depreciation the Adjusted Operating Statement result as at September 2020 is a surplus of \$14.7m.

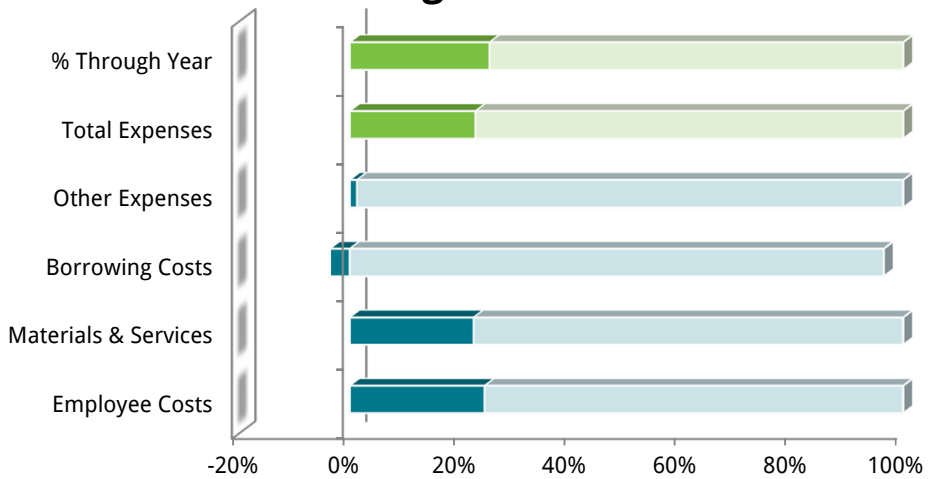
Operating Result	(17,547)
Less Depreciation	2,845
Adjusted Operating Result	(14,703)

Ordinary Operating Revenue Progress



This graph excludes rates & charges, with the details for this area shown in the Debtors Report.

Ordinary Operating Expenditure Progress



Capital & Project Expenditure Summary

Programs	Actuals \$000's	Forecast \$000's	% Complete	Remaining
Major Emergency Restoration	8	200	0%	100%
Roads	1,642	8,463	19%	81%
Bridges	540	1,511	36%	64%
Building	69	2,439	3%	97%
Drainage	-	65	0%	100%
Open Spaces	332	5,705	6%	94%
Land & Land Improvements	68	605	11%	89%
IT	17	17	100%	0%
Plant, Vehicles & Equipment	173	874	20%	80%
Projects	81	1,507	5%	95%
Total Capital & Projects	2,930	21,387	14%	86%

2020/21 Capital Program

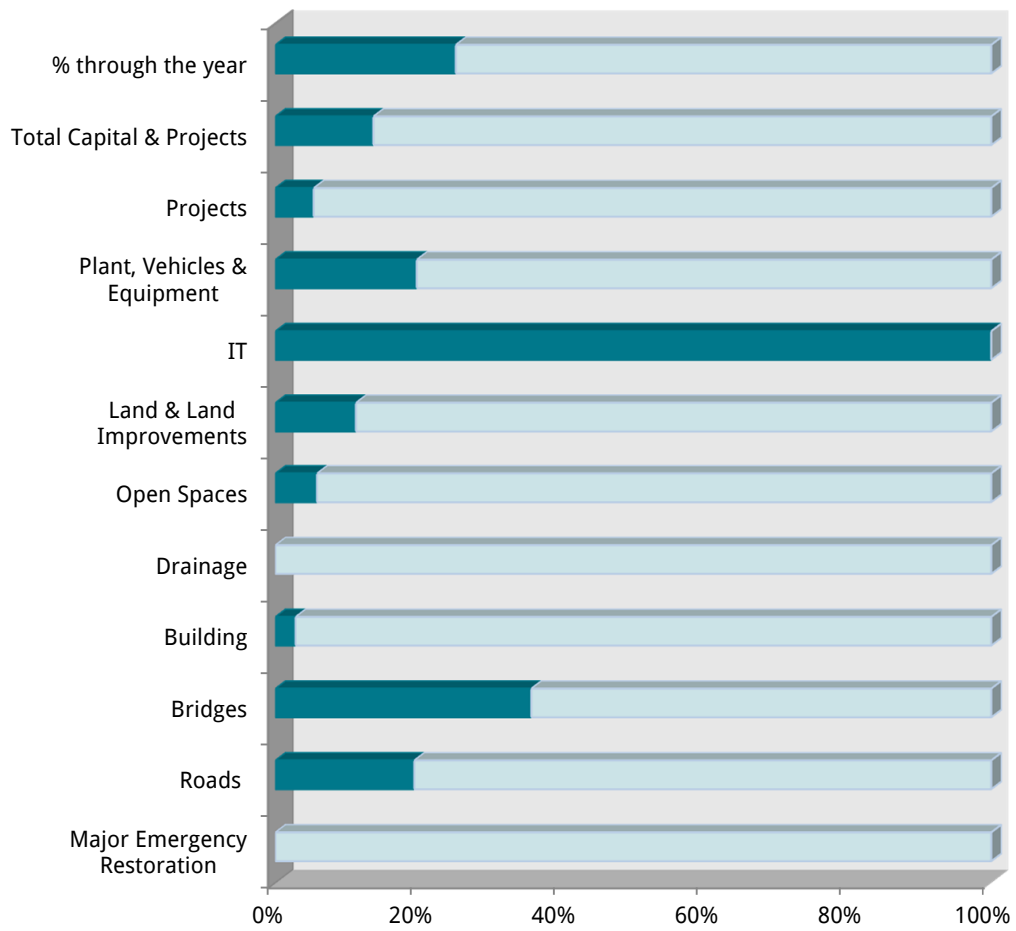
Capital Projects	2,819	18,909
Expensed Projects	103	2,278

2020/21 Major Emergency Restoration

Capital Projects	0	-
Expensed Projects	8	200

Total Capital & Projects	2,930	21,387
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Capital & Project Expenditure Progress



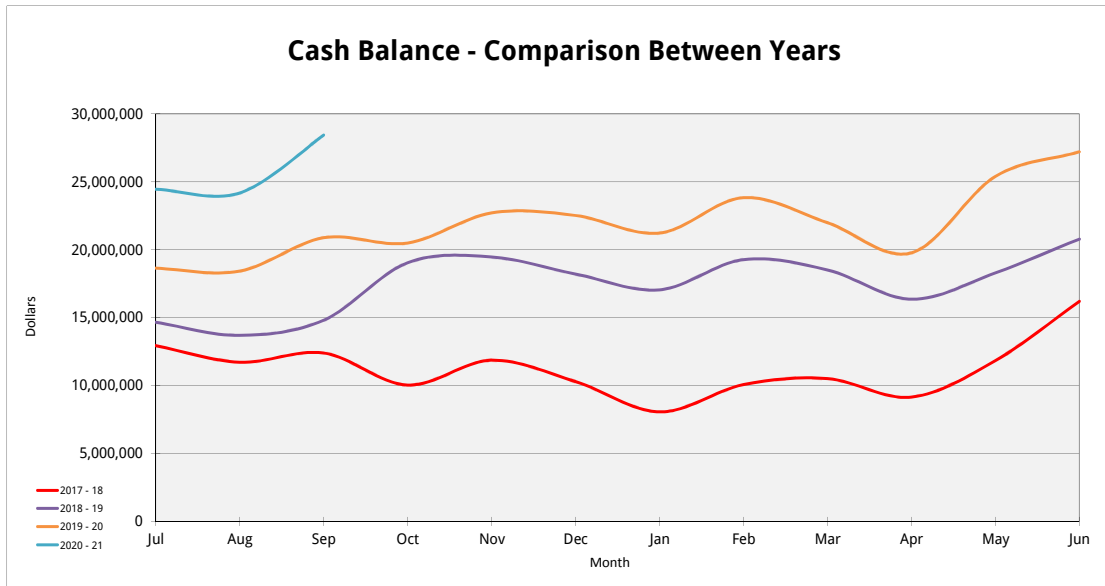
Capital & Project Expenditure Summary as at 30 September, 2020

	YTD Actuals (incl Commitments)	Forecast	Adopted Budget	% Committed to Forecast
02 - Capital				
1112 - B - Roads - Aerodrome Program	14,740	439,710	500,000	3
1101 - B - Roads - Final Seal Program	272,558	447,309	321,000	61
1110 - B - Roads - Footpaths Program	10,956	130,113	130,000	8
1100 - B - Roads - Kerb & Channel Program	13,911	410,000	325,000	3
1102 - B - Roads - Major Rural Roads Program	165,113	1,725,080	390,000	10
1104 - B - Roads - Resealing Program	653,143	1,277,928	1,330,000	51
1105 - B - Roads - Resheeting Program	184,202	1,014,000	1,120,000	18
1106 - B - Roads - Rural & Residential Program	152,651	450,725	285,000	34
1111 - B - Roads - Streetscapes	18,116	1,202,455	0	2
1107 - B - Roads - Town Street Sealing Program	(198)	113,200	85,000	(0)
1108 - B - Roads - Transport Dev Program	157,255	774,345	460,000	20
1109 - B - Roads - Urban Rd Improvement Program	0	106,000	70,000	0
1103 - B - Roads - Rehabilitation Program	3	372,440	250,000	0
1113 - C - Bridge & Major Culverts Program	540,053	1,510,795	1,090,000	36
1114 - C - Floodway Program	0	35,000	35,000	0
1115 - D - Building Program	68,991	2,439,385	1,800,000	3
1116 - E - Drainage Program	0	65,000	65,000	0
1122 - F - Open Spaces Program	332,262	5,704,814	3,850,500	6
1120 - G - Land & Land Improvement Program	68,162	605,465	600,000	11
1119 - H - IT Program	16,683	16,700	0	100
1118 - H - Plant, Vehicles & Equipment Program	172,690	839,035	685,000	21
1121 - J - Projects	80,901	1,507,389	20,000	5
Total 02 - Capital	2,922,191	21,186,888	13,411,500	14
04 - Emergency Capital				
0257 - 11/19 Bushfire Recovery	8,111	200,000	0	4
Total 04 - Emergency Capital	8,111	200,000	0	4
Grand Total	2,930,302	21,386,888	13,411,500	14

Capital & Project Revenue Summary as at 30 September, 2020

Level 2	YTD Actuals (incl Commitments)	Forecast	Adopted Budget	% Committed to Forecast
02 - Capital				
1112 - B - Roads - Aerodrome Program	(60,000)	(120,000)	(300,000)	50
1101 - B - Roads - Final Seal Program	(100,000)	(100,000)	(100,000)	100
1110 - B - Roads - Footpaths Program	0	(10,000)	(10,000)	0
1102 - B - Roads - Major Rural Roads Program	(564,935)	(940,935)	(300,000)	60
1105 - B - Roads - Resheeting Program	0	(1,857,000)	(1,682,000)	0
1106 - B - Roads - Rural & Residential Program	(1,011,592)	(82,600)	(63,000)	1,225
1108 - B - Roads - Transport Dev Program	0	(245,000)	(335,000)	0
1109 - B - Roads - Urban Rd Improvement Program	0	(36,000)	0	0
1113 - C - Bridge & Major Culverts Program	(184,000)	(184,000)	(1,009,000)	100
1114 - C - Floodway Program	0	(25,000)	(25,000)	0
1115 - D - Building Program	(780,000)	(700,000)	(700,000)	111
1122 - F - Open Spaces Program	0	(2,242,634)	(643,000)	0
1120 - G - Land & Land Improvement Program	(133,000)	(300,000)	(300,000)	44
1118 - H - Plant, Vehicles & Equipment Program	(109,440)	(35,000)	0	313
1121 - J - Projects	(89,750)	(617,750)	0	15
Total 02 - Capital	(3,032,717)	(7,495,919)	(5,467,000)	40
04 - Emergency Capital				
0256 - 09/16 Natural Disaster Funding Income	(449,461)	(449,461)	0	100
0257 - 11/19 Bushfire Recovery	0	0	(200,000)	0
Total 04 - Emergency Capital	(449,461)	(449,461)	(200,000)	100
Grand Total	(3,482,178)	(7,945,380)	(5,667,000)	44

Cash and Investments as at 30 September, 2020



Total Cash Balance at Month End

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017 - 18	12,943,095	11,722,616	12,402,540	10,045,586	11,871,466	10,298,760	8,070,124	10,076,254	10,520,858	9,157,008	11,843,662	16,202,519
2018 - 19	14,662,878	13,696,212	14,814,349	19,043,239	19,466,664	18,213,979	17,049,983	19,275,427	18,514,123	16,357,309	18,298,119	20,785,979
2019 - 20	18,642,143	18,424,373	20,885,437	20,496,673	22,711,437	22,520,759	21,226,659	23,831,676	21,993,073	19,771,946	25,394,596	27,206,212
2020 - 21	24,458,405	24,173,971	28,436,358									

Restricted Cash required as at 30 September 2020

\$ 5,148,000

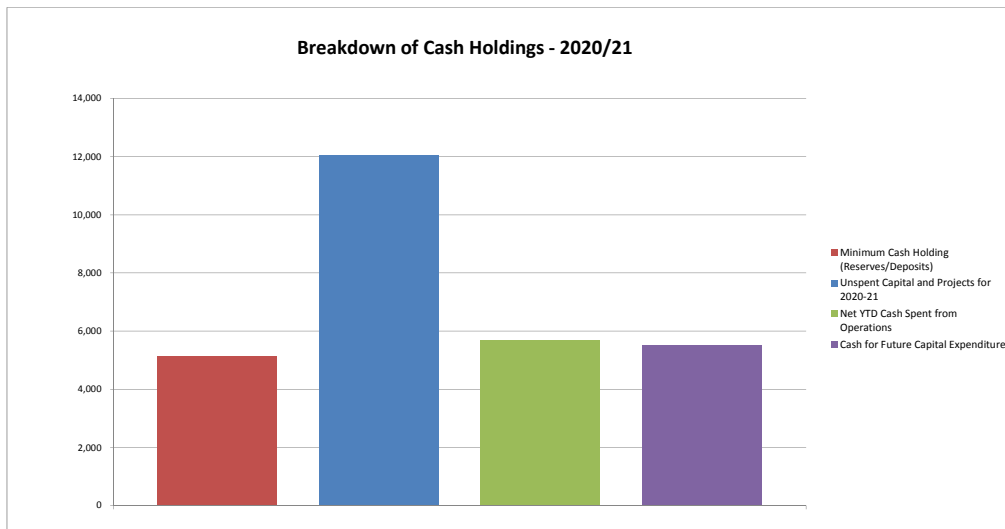
Available Cash as at 30 September, 2020

\$ 23,288,358

\$ 28,436,358

[1] Breakdown of Cash Holdings

	\$000's
Minimum Cash Holding (Reserves/Deposits)	5,148
Cash for Future Capital Expenditure	5,529
Unspent Capital and Projects for 2020-21	12,045
	<u>22,722</u>
Net YTD Cash Spent from Operations	5,714
Total Cash held as at 30 September 2020	28,436



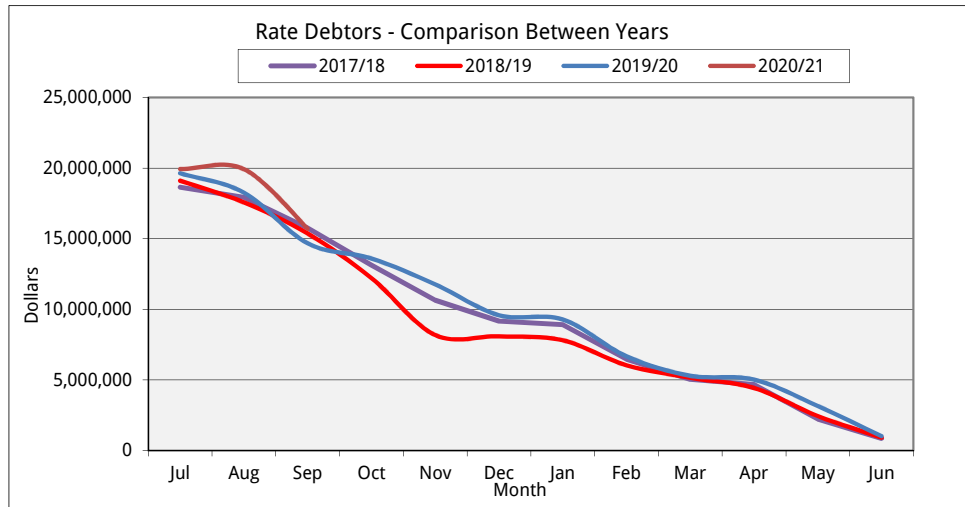
Reserves - Restricted Assets:

	\$000's
Development Fund	392
Community / Heritage Loan	113
Waste Program	3,530
Defined Benefits Additional Call	300
Loan Repayment	<u>625</u>
	<u>4,960</u>

Discussion:

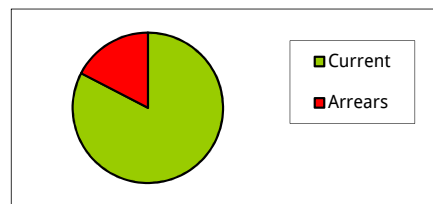
Council should see a slight increase in the cash held into the future. Council will be holding more cash as it builds up it's funds to pay off the long term interest only loans entered into together with future capital program expenditure. By 30 June 2021 it is anticipated that the cash balance will be down at \$10.7m.

Debtors Reports as at 30 September, 2020



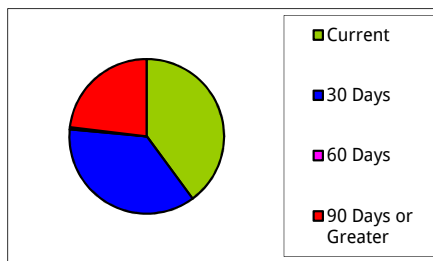
Rates Debtors YTD

	\$	%
Current	12,979,484	83%
Arrears	2,733,217	17%
Total	15,712,701	100%



Sundry Debtors YTD

	\$	%
Current	307,723	39.9%
30 Days	281,985	36.5%
60 Days	3,757	0.5%
90 Days or Greater	178,124	23.1%
Total	771,588	100%



Details:

Current	The majority of the current balance of sundry debtors is made up of grant funding requested in relation to Working for Victoria (\$211k) and Fire Services Property Levy (\$52k) to be recovered.
30 Days	Recovery of income related to Working for Victoria (\$211k); rates in lieu for Ararat Wind Farm (\$18k) and Wimmera Regional Libraries (\$44k).
60 days	Minor balances outstanding on 7 sundry debtors ranging from \$40 to \$1,900
90 Days or Greater	Balances outstanding on 4 sundry debtors relating to central park power upgrade (\$83k); Stawell Cemeteries (\$61k); Wheelie Waste - Community Education Program (\$12k) and St Arnaud Sports BSL (\$6k).

Loan Report - Budget 2019/2020

Borrowing Principles:

Indebtedness

Our level of debt will not exceed 60% or \$11.1 Million of Rates and Charges Revenue.

Indebtedness Calculation Check 12% ✓

Debt Servicing Costs

Our level of annual debt servicing costs (principal plus Interest) will not exceed 5% or \$1.8 Million of our Total Operating Revenue.

Debt Servicing Calculation Check 1% ✓

Loans Budgeted 2020/2021:

Principal

	\$000's
Loans Outstanding as at 30 June, 2020	2,408
Add proposed new loans 2020/2021	-
Less Scheduled Repayments 2020/2021	(218)
Loans Outstanding as at 30 June, 2021	2,190

Expiry of Existing Loans

	Expiry	Balance at 30/06/21 \$000's
Loan 15	Jun-21	0
Loan 16	Jun-23	190
Loan 18	Nov-21	1,000
Loan 20	Jun-26	1,000
		2,190

8.4 VAGO Local Government Audit - November 2020

Mr Malcolm Lewis provided an update on the VAGO Local Government Audit - November 2020 and went through the main audits that are planned to be carried out by VAGO across a variety of organisations. It was noted that the recommendations and findings from these audits are made available to Council for review and action where appropriate.

Attachments

1. VAGO LG Audit Update - November 2020 [**8.4.1** - 19 pages]



Victorian Auditor-General's Office

Local Government audit update — November 2020

Local Government reports currently in progress

Topic	Objective(s)	Status	Proposed Tabling	Agency(ies)	Link
Managing and enforcing infringements	To determine whether the rollout of the new infringement system was effective and cost efficient. <i>*This report will not include Local Councils but draws on the work of the Fines Reform Advisory Board who consulted with them about revenue lost through inability to collect fines revenue through Fines Victoria</i>	In Progress	February 2021	<ul style="list-style-type: none"> Department of Justice and Community Safety Fines Victoria 	https://www.audit.vic.gov.au/reports/managing-and-enforcing-infringements
Maintaining local roads	To determine whether councils are achieving value for money in maintaining their local roads.	In Progress	February 2021	<ul style="list-style-type: none"> Gannawarra Shire Council Greater Bendigo City Council Maribyrnong City Council Northern Grampians Shire Council Yarra Ranges Shire Council 	https://www.audit.vic.gov.au/reports/maintaining-local-roads
Sexual harassment in local government	To determine whether local government authorities provide workplaces free from sexual harassment.	In Progress	December 2020	<ul style="list-style-type: none"> Ararat Shire Council Corangamite Shire Council Frankston City Council Latrobe Rural City Moreland City Council 	https://www.audit.vic.gov.au/reports/sexual-harassment-local-government

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Planned Local Government reports

Topic	Overview	Status	Proposed Tabling	Agency(ies)	Link
Supplying and using alternative water sources	To assess whether responsible agencies are increasing the use of alternative water sources to meet future demand.	Planned	2020-21	<ul style="list-style-type: none"> Department of Environment, Land, Water and Planning Environmental Protection Authority Victoria Barwon Water City of Greater Geelong 	https://www.audit.vic.gov.au/reports/supply-and-use-alternative-urban-water-sources
Fraud control over grants in local government	To determine whether fraud and corruption controls over grants in local government are well designed and operating as intended.	Planned	2021-22	<ul style="list-style-type: none"> Hume City Council Knox City Council Loddon Shire Council Southern Grampians Shire Council West Wimmera Shire Council 	https://www.audit.vic.gov.au/reports/fraud-control-over-grants-local-government
Effectiveness of the Enhanced Maternal and Child Health Program	To determine whether the Enhanced Maternal and Child Health (EMCH) Program leads to improved access, participation, and outcomes for vulnerable children and their families targeted by the program.	Planned	2021-22	<ul style="list-style-type: none"> Department of Health and Human Services Department of Education and Training Municipal Association of Victoria City of Casey Hobsons Bay City Council Mildura Rural City Council South Gippsland Shire Council Yarra City Council 	https://www.audit.vic.gov.au/reports/effectiveness-enhanced-maternal-and-child-health-program
Developing Fishermans Bend	To determine whether planning and early development of Fishermans Bend supports the delivery of the development's objectives.	Planned	2021-22	<ul style="list-style-type: none"> Department of Environment, Land, Water and Planning Development Victoria Department of Jobs, Precincts and Regions Melbourne City Council 	https://www.audit.vic.gov.au/reports/developing-fishermans-bend

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				<ul style="list-style-type: none"> • Port Phillip City Council 	
Fraud and corruption risk in local government procurement	To determine whether fraud and corruption controls over local government procurement are well-designed and operate as intended.	Planned	2021-22	<ul style="list-style-type: none"> • Banyule City Council • Hepburn Shire Council • Municipal Association of Victoria • Mitchell Shire Council • Nillumbik Shire Council • Wodonga Regional City Council 	https://www.audit.vic.gov.au/reports/fraud-and-corruption-risk-local-government-procurement
Food safety regulation in local government	To determine whether councils' administration of food safety regulation ensures legislative compliance and supports public health.	Planned	2021-22	<ul style="list-style-type: none"> • Department of Health and Human Services • A selection of local councils 	https://www.audit.vic.gov.au/reports/food-safety-regulation-local-government
Implementing Plan Melbourne 2017-50	To determine whether actions to implement Plan Melbourne 2017–50 are sustained and coordinated at a state-wide, regional, and local level.	Planned	2021-22	<ul style="list-style-type: none"> • Department of Environment, Land, Water and Planning • Department of Jobs, Precincts and Regions • Victorian Planning Authority • Maroondah City Council • Moonee Valley City Council 	https://www.audit.vic.gov.au/reports/implementing-plan-melbourne-2017-50
Managing the impact of deer	To determine the extent to which invasive deer species are managed to protect biodiversity values.	Planned	2021-22	<ul style="list-style-type: none"> • Alpine Shire Council • Department of Environment, Land, Water and Planning • Department of Jobs, Precincts and Regions • Game Management Authority • Mansfield Shire Council • Murrindindi Shire Council • Parks Victoria 	https://www.audit.vic.gov.au/reports/managing-impact-deer
Council waste management services	To determine whether councils' waste management services are achieving value for money.	Planned	2022-23	<ul style="list-style-type: none"> • Ballarat City Council • Bayside City Council • Department of Environment, Land, 	https://www.audit.vic.gov.au/reports/delivering-local-

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				Water and Planning	government-services-waste-management-services
				<ul style="list-style-type: none"> • Grampians Central West Waste and Resource Recovery Group • Greater Dandenong City Council • Melbourne City Council • Metropolitan Waste Resource and Recovery Group • Sustainability Victoria 	
Regulation of council building approvals in local government	To determine whether council regulation of building activity ensures that safety and amenity requirements are met and council assets are protected.	Planned	2022-23	<ul style="list-style-type: none"> • Manningham City Council • Monash City Council • Surf Coast Shire Council • Wangaratta Rural City Council • Wyndham City Council 	https://www.audit.vic.gov.au/report/regulation-council-building-approvals-local-government
Hazardous waste management	To determine whether responsible agencies' control and regulation of hazardous waste has reduced inappropriate disposal.	Planned	2022-23	<ul style="list-style-type: none"> • Department of Environment, Land, Water and Planning • Environment Protection Authority Victoria • Maribyrnong City Council • Metropolitan Waste Resource Recovery Group • Sustainability Victoria • Whittlesea City Council • WorkSafe Victoria 	https://www.audit.vic.gov.au/report/hazardous-waste-management-0
Managing land-use buffers	To determine whether the management of land-use buffers is promoting public health, safety and liveability.	Planned	2022-23	<ul style="list-style-type: none"> • Department of Environment, Land, Water and Planning • Environment Protection Authority Victoria • A selection of councils in growth corridors 	https://www.audit.vic.gov.au/report/managing-land-use-buffers
Road congestion and	To determine whether regulatory	Planned	2022-23	<ul style="list-style-type: none"> • Department of Transport 	https://www.audit

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public transport	interventions for road-based public transport on congested roads are working as planned.	<ul style="list-style-type: none"> • Victoria Police • Selected local councils 	t.vic.gov.au/report/road-congestion-and-public-transport
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Local Government reports tabled within the previous 6 months

Topic	Overview	Status	Tabled	Agency(ies)	Link
Early years management in Victorian sessional kindergartens	To determine whether the Department of Education and Training (DET) has supported organisations managing sessional kindergartens to meet the outcomes of the <i>Early Years Management Policy Framework</i> .	Completed	15 October 2020	<ul style="list-style-type: none"> • Department of Education and Training • Glen Eira City Council • Early Childhood Management Services Inc • Glen Eira Kindergarten Association • Greater Shepparton City Council • Goulburn Region Pre-School Association Inc • City of Whittlesea • TRY Australia Children's Services • Goodstart Early Learning Ltd 	https://www.audit.vic.gov.au/report/early-years-management-victorian-sessional-kindergartens
Reducing bushfire risk	To assess whether responsible agencies are effectively working together to reduce Victoria's bushfire risk.	Completed	14 October 2020	<ul style="list-style-type: none"> • Department of Environment, Land, Water and Planning • Parks Victoria • Country Fire Authority • Department of Justice and Community Safety • Energy Safe Victoria • Murrindindi Shire Council • City of Whittlesea • East Gippsland Shire Council 	https://www.audit.vic.gov.au/report/reducing-bushfire-risks
Victoria's Homelessness Response	To examine the implementation of key elements of the state government's \$45 million HRSAP.	Completed	17 September 2020	<ul style="list-style-type: none"> • Department of Health and Human Services • Port Phillip City Council 	https://www.audit.vic.gov.au/report/victorias-homelessness-

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	<i>*This report does not scope Local Councils but will concern areas affecting local councils regarding Homelessness.</i>			<ul style="list-style-type: none"> • Other local councils 	response?section=33621--4-performance-monitoring&show-sections=1#33621--4-performance-monitoring
Protecting critically endangered grasslands	To determine whether the management of native vegetation clearing is protecting state and nationally significant native vegetation in the extended urban growth boundary areas.	Completed	17 June 2020	<ul style="list-style-type: none"> • Department of Environment, Land, Water and Planning • Parks Victoria 	https://www.audit.vic.gov.au/report/managing-native-vegetation-clearing
Responses to performance audit recommendations 2015-16 to 2017-18	To determine the extent of agency implementation and monitoring of VAGO performance audit recommendations	Completed	17 June 2020	<p>64 agencies including the following councils:</p> <ul style="list-style-type: none"> • Bass Coast Shire Council • Cardinia Shire Council • City of Ballarat • City of Greater Bendigo • Corangamite Shire Council • East Gippsland Shire Council • Glen Eira City Council • Loddon Shire Council • Maribyrnong City Council • Maroondah City Council • Melton City Council • Mitchell Shire Council • Moreland City Council • Mornington Peninsula Shire Council • Murrindindi Shire Council • South Gippsland Shire Council 	https://www.audit.vic.gov.au/report/responses-performance-audit-recommendations-2015-16-2017-18#page-anchor

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- Southern Grampians Shire Council

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Other Integrity and Local Government Related Bodies update — November 2020

Local Government reports currently in progress

Topic	Overview	Status	Proposed Publishing	Link
Independent Broad-based Anti-corruption Commission				
Operation Sandon	IBAC is holding public examinations into allegations of serious corrupt conduct in relation to planning and development decisions at the City of Casey council.	In Progress	To be advised	https://www.ibac.vic.gov.au/investigating-corruption/IBAC-examinations/operation-sandon
Victorian Local Government and Minister for Local Government				
Victorian Local Government Rating System Review	The Victorian Government is conducting a full review into the Victorian Local Government Rating System.	In progress	To be advised- Report submitted to Minister for Local Government	https://www.localgovernment.vic.gov.au/council-governance/victorian-local-government-rating-system-review https://engage.vic.gov.au/rating-review

Local Government reports prepared within the previous 6 months

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Topic	Overview	Status	Published	Link
Victorian Ombudsman				
Investigation into credit card use at Warrnambool City Council	The conclusion of this investigation is that while there is evidence of lax practises by staff and poor judgement by some in senior management, credit card misuse was not widespread. Serious misuse was limited to one individual, although the level of abuse was greater than had been exposed or admitted to, in some instances also suggesting a deliberate intention to deceive.	Completed	October 2020	https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/investigation-into-corporate-credit-card-misuse-at-warrnambool-city-council/
Investigation into review of parking fines by the City of Melbourne	It is estimated over 1,200 motorists were affected by a PayStay mistake, which the council could easily have checked when the driver requested a review. These mistakes were caused when number 0 and letter O were virtually indistinguishable on registration plates, and drivers would not be aware they had made an error. The investigation concludes the key issue in the investigation was not about particular of codes of conduct, but problematic attitudes and culture which appear to have been generated or endorsed by senior management of the Council.	Completed	September 2020	https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/investigation-into-review-of-parking-fines-by-the-city-of-melbourne/#letter-to-the-legislative-council-and-the-legislative-assembly
Ombudsman's recommendations - third report	As concluded in the 2015 report, the State Government has an important role to play in driving improvements across all councils by encouraging better practices through mandated obligations introduced by the Local Government Bill and by enhancing reporting requirements for complaints in the Local Government Performance Reporting Framework. The 2020 Act effectively implements the recommendations made to the Minister for Local Government. It also includes the requirement for councils to establish a complaint handling policy and process, an internal review process that is independent of the original decision maker, and a discretion to deal with or decline a complaint which is otherwise subject to statutory review.	Completed	June 2020	https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/ombudsmans-recommendations-third-report/#revisiting-councils-and-complaints

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	Work is also underway to introduce an indicator for complaints in the Local Government Performance Reporting Framework.			
Investigation of alleged improper conduct by Executive Officers at Ballarat City Council	<p>The investigation concluded that the Director, Infrastructure and Environment was found to have been improperly involved in recruiting three former colleagues to senior roles at the Council.</p> <p>The investigation also determined that the CEO was involved in employment decisions regarding two staff, which were “unwise at best, and may have been improper”.</p>	Completed	May 2020	https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/alleged-improper-conduct-by-executive-officers-at-ballarat-city-council/#letter-to-the-legislative-council-and-the-legislative-assembly
Local Government Inspectorate				
Councillor expenses and allowances: equitable treatment and enhanced integrity	<p>An Inspectorate project reviewing support provided to elected councillors has built a picture of the varied approaches to councillor resources and expense reimbursement procedures across the state. The project assessed what support is provided to councillors, levels of satisfaction with this support and what improvements could be made in relation to support/resources.</p> <p>The project also examined what kinds of expenses are being claimed and how expenses policies are working in practice with a view to recommending improvements to the expenses process to better meet community expectations.</p>	Completed	September 2020	https://www.lgi.vic.gov.au/councillor-expenses-and-allowances-equitable-treatment-and-enhanced-integrity

Active Council governance matters as at date:

Topic	Councils and timeline	Link
Long-term Government appointed administrators	<ul style="list-style-type: none"> • South Gippsland Shire Council (21 June 2019 until the next election for the council in October 2021) • Casey City Council (14 May 2020 to October 2024) • Whittlesea City Council (19 June 2020 to October 	<p>https://www.localgovernment.vic.gov.au/council-governance/commission-of-inquiry-into-south-gippsland-shire-council2</p> <p>https://www.localgovernment.vic.gov.au/council-governance/independent-reports</p>

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<https://www.localgovernment.vic.gov.au/council-governance/independent-reports>

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Interstate Audits update—November 2020

Local Government reports currently in progress and planned

Topic	Objective(s)	Status	Proposed Tabling	Agency(ies)	Link
New South Wales					
Local government procurement	This audit will assess how effectively procurement is managed in a sample of six councils across metropolitan, regional and rural New South Wales. The scope also includes how councils assess outcomes and ensure that they achieve value for money during procurement.	In-progress	2020-21	<ul style="list-style-type: none"> Cumberland City Council Georges River Council Lockhart Shire Council Tweed Shire Council Waverley Council Wollongong City Council 	https://www.audit.nsw.gov.au/our-work/reports/local-government-procurement
Business continuity and disaster recovery planning	This audit will examine the effectiveness of business continuity planning processes in a selection of local councils in preparing these organisations for recent emergency events.	Planned	2020-21	<ul style="list-style-type: none"> Selection of local councils 	https://www.audit.nsw.gov.au/our-work/reports/business-continuity-and-disaster-recovery-planning
Council annual charges	This audit could examine selected common charges across a number of councils to understand what is driving the variability in charges for the common services, that vary greatly between councils.	Planned	2020-21	<ul style="list-style-type: none"> Selection of local councils 	https://www.audit.nsw.gov.au/our-work/reports/council-annual-charges
Local Government 2020	This report will bring together findings and recommendations from our 2019–20 financial audits of local councils and will comment on financial reporting and sustainability, internal controls and governance, and areas of interest that are in focus during the conduct of our audits.	Planned	2020-21	<ul style="list-style-type: none"> NSW local councils 	https://www.audit.nsw.gov.au/our-work/reports/local-government-2020
Internal Controls and Governance 2020	This report will bring together the findings and recommendations from our 2019–20	Planned	2020-21	<ul style="list-style-type: none"> 40 largest NSW State Government agencies 	https://www.audit.nsw.gov.au/our-work/reports/internal-

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	financial audits that relate to the internal controls and governance of the 40 largest NSW State Government agencies.				controls-and-governance-2020
Compliance review: Cybersecurity	In February 2019 the Department of Finance, Services and Innovation launched the NSW Cyber Security Policy to ensure all NSW Government Departments and Public Service Agencies are managing cyber security risks to their information and systems. The policy mandates a number of requirements that are a minimum that all agencies must implement. In addition, agencies must assess their level of cyber maturity. This audit will examine whether agencies are complying with the Policy.	Planned	2020-21	<ul style="list-style-type: none"> All NSW Government Departments and Public Service Agencies 	https://www.audit.nsw.gov.au/our-work/reports/compliance-review-cybersecurity
Queensland					
Local government entities: 2020	This audit will summarise the results of our financial audits of the Queensland councils and the related entities they control that produced financial statements at 30 June.	Planned	2020-21	<ul style="list-style-type: none"> Selection of local councils 	https://www.qao.qld.gov.au/audit-program
Effectiveness of Local Government Audit committees	This audit will assess the effectiveness of audit committees in local governments.	Planned	2021-22	<ul style="list-style-type: none"> Selection of local councils 	https://www.qao.qld.gov.au/audit-program
Local government entities: 2021	This audit will summarise the results of our financial audits of the Queensland councils and the related entities they control that produced financial statements at 30 June	Planned	2021-22	<ul style="list-style-type: none"> Selection of local councils 	https://www.qao.qld.gov.au/audit-program
Commonwealth Games Legacy	This audit will assess whether the state has realised the intended legacy benefits from the Commonwealth Games.	Planned	2021-22	<ul style="list-style-type: none"> Department of Innovation and Tourism Industry Development Department of State Development, Manufacturing, 	https://www.qao.qld.gov.au/audit-program

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				Infrastructure and Planning	
				<ul style="list-style-type: none"> • Selection of local councils 	
Queensland Floods Commission of Enquiry	This audit will assess whether Queensland is better able to prevent and prepare for floods following the Queensland Floods Commission of Inquiry.	Planned	2021-22	<ul style="list-style-type: none"> • Department of Natural Resources, Mines and Energy • Department of Environment and Science • Department of State Development, Manufacturing, Infrastructure and Planning • Queensland Reconstruction Authority • Selection of local councils 	https://www.qao.qld.gov.au/audit-program
Managing conflicts of interest in Local Government	This audit will assess how effectively councils manage and respond to conflicts of interest.	Planned	2022-23	<ul style="list-style-type: none"> • Selection of local councils 	https://www.qao.qld.gov.au/audit-program
Maintaining strong and prosperous regions	This audit will assess the Queensland Government's effectiveness in progressing the goals for strong and prosperous regions in its Queensland Plan.	Planned	2022-23	<ul style="list-style-type: none"> • Department of Local Government, Racing and Multicultural Affairs • Selection of local councils 	https://www.qao.qld.gov.au/audit-program
Transport service contracts	This audit will assess whether transport service contracts are managed effectively to meet the government's transport objectives, maximise value for money and meet community needs.	Planned	2022-23	<ul style="list-style-type: none"> • Department of Transport and Main Roads • Local councils 	https://www.qao.qld.gov.au/audit-program
Local government entities: 2022	This audit will summarise the results of our financial audits of the Queensland councils and the related entities they control that produced financial statements at 30 June.	Planned	2022-23	<ul style="list-style-type: none"> • Selected local councils 	https://www.qao.qld.gov.au/audit-program
Managing Invasive species	This audit will assess how effectively the Department of Agriculture and Fisheries is	Planned	2022-23	<ul style="list-style-type: none"> • Department of Agriculture and Fisheries 	https://www.qao.qld.gov.au/audit-program

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	managing invasive species.			<ul style="list-style-type: none"> • Department of Environment and Science • Department of Natural Resources, Mines and Energy • Selection of local councils 	
Western Australia					
DLGSC's regulation and support of local government	This audit will assess whether the Department of Local Government, Sport and Cultural Industries effectively regulates and supports local government entities.	In Progress	2020-21	<ul style="list-style-type: none"> • Selection of local councils 	https://audit.wa.gov.au/auditin-g-in-wa/audit-program/
Managing unauthorised discharge of minor pollutants	The objective of the audit is to assess if the Department of Water and Environmental Regulation and local government entities effectively regulate the unauthorised discharge of minor pollutants by businesses that do not require a licence (operators).	In Progress	2020-21	<ul style="list-style-type: none"> • Department of Water and Environmental Regulation • Local government entities 	https://audit.wa.gov.au/auditin-g-in-wa/audit-program/
Audit Results Report – Annual 2019-20 Financial Audits of Local Government Entities	This report will summarise the results of annual audits of local government entities' annual financial reports, and their compliance with applicable legislation for the financial year ending 30 June 2020.	In Progress	2020-21	<ul style="list-style-type: none"> • 112 local government entities 	https://audit.wa.gov.au/auditin-g-in-wa/audit-program/
Safe and Viable cycling in the Perth and Peel region	The objective of the audit is to assess the effectiveness of LG entities in improving the Perth and Peel cycling network and follow-up recommendations from our 2015 performance audit <i>Safe and Viable Cycling in the Perth Metropolitan Area</i> .	In Progress	2020-21	<ul style="list-style-type: none"> • Local government entities • Department of Transport (DoT) 	https://audit.wa.gov.au/auditin-g-in-wa/audit-program/
State of Cyber security in local government entities	The objective of this audit is to determine if local government entities are effectively managing cyber security.	In Progress	2020-21	<ul style="list-style-type: none"> • Local government entities 	https://audit.wa.gov.au/auditin-g-in-wa/audit-program/

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COVID-19 Relief Fund	The objective of the audit is to assess whether Lotterywest and the DLGSC have implemented effective governance and assessment arrangements for the Fund grants program.	In Progress	2020-21	<ul style="list-style-type: none"> The Lotteries Commission (Lotterywest) Department of Local Government, Sports and Cultural Industries (DLGSC) 	https://audit.wa.gov.au/auditin-g-in-wa/audit-program/
Tasmania					
Council Procurement - Report 2	<p>This audit will assess whether procurement of goods and services by councils is being undertaken in accordance with the:</p> <ul style="list-style-type: none"> Local Government Act 1993 Local Government (General) Regulations 2015 Council's Code for Tenders and Contracts Council's internal policies, procedures and manuals 	In Progress	2020-21	<ul style="list-style-type: none"> Selection of local councils 	https://www.audit.tas.gov.au/wp-content/uploads/Annual-Plan-of-Work-2020-21.pdf
Council general manager recruitment, appointment and performance assessment	This audit will assess recruitment processes, contractual and remuneration arrangements and performance assessment for council general managers.	Planned	2021-22	<ul style="list-style-type: none"> Selection of local councils 	https://www.audit.tas.gov.au/wp-content/uploads/Annual-Plan-of-Work-2020-21.pdf
Council Procurement - Report 3	<p>This audit will assess whether procurement of goods and services by councils is being undertaken in accordance with the:</p> <ul style="list-style-type: none"> Local Government Act 1993 Local Government (General) Regulations 2015 Council's Code for Tenders and Contracts Council's internal policies, procedures and manuals 	Planned	2021-22	<ul style="list-style-type: none"> Selection of local councils 	https://www.audit.tas.gov.au/wp-content/uploads/Annual-Plan-of-Work-2020-21.pdf
Managing landfills	This audit will examine whether the	Planned	2020-21	<ul style="list-style-type: none"> Environmental Protection 	https://www.audit.tas.gov.au/

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<p>Environmental Protection Authority’s (EPA) current regulatory approach is appropriately administered, is being complied with and has been effective in providing assurance that landfills are not leading to adverse human health and environmental impacts, both currently and for future generations.</p> <p>This audit will examine the activities of the EPA and a sample of councils and joint authorities that own and operate landfills</p>	<p>Authority</p> <ul style="list-style-type: none"> • Department of Primary Industries, Parks, Water and Environment • Selected Councils and Joint Authorities 	<p>wp-content/uploads/Annual-Plan-of-Work-2019-20.pdf</p>
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Local Government reports tabled within the previous 3 months

Topic	Overview	Status	Tabled	Agency(ies)	Link
New South Wales					
<p>Support for regional town water infrastructure</p>	<p>This audit examined whether the Department of Planning, Industry and Environment has effectively supported the planning for and funding of town water infrastructure in regional NSW.</p> <p>Audit concluded that the Department of Planning, Industry and Environment has not effectively supported or overseen town water infrastructure planning in regional NSW since at least 2014. It has also lacked a strategic, evidence-based approach to target investments in town water infrastructure.</p>	<p>Completed</p>	<p>September 2020</p>	<ul style="list-style-type: none"> • Department of Planning, Industry and Environment • Local Water Utilities (including local council and non-council operated utilities) • Office of Local Government • Natural Resources Access Regulator • NSW Environment Protection Authority • Regional Town Water Coordinator 	<p>https://www.audit.nsw.gov.au/our-work/reports/support-for-regional-town-water-infrastructure</p>

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				<ul style="list-style-type: none"> • Natural Resource Commission • Water NSW • Infrastructure NSW • NSW Health • Regional NSW • NSW Treasury • Office of the Productivity Commissioner • Independent Pricing and Regulatory Tribunal 	
Credit card management in Local Government	<p>This audit assessed the effectiveness of credit card management practises in a sample of six councils across metropolitan, regional and rural New South Wales.</p> <p>Audit concluded that all six audited councils had important gaps in their credit card policies and procedures. Their reconciliation of credit card transactions needs to be enhanced to enable detection of potential misuse or fraud.</p>	Completed	September 2020	<ul style="list-style-type: none"> • Dubbo Regional Council • Junee Shire Council • Lane Cove Council • Nambucca Valley Council • Penrith City Council • Shellharbour City Council. 	https://www.audit.nsw.gov.au/our-work/reports/credit-card-management-in-local-government
Governance and internal controls over local infrastructure contributions	<p>This audit assessed the effectiveness of governance and internal controls over Local Infrastructure Contributions (LICs) collected by four councils during the 2017–18 and 2018–19 financial years: Blacktown City Council, Central Coast Council, City of Sydney Council and Liverpool City Council. As at June 2018 these councils held the four highest LIC balances, each in excess of \$140 million.</p>	Completed	August 2020	<ul style="list-style-type: none"> • Blacktown City Council • Central Coast Council • City of Sydney Council • Liverpool City Council 	https://www.audit.nsw.gov.au/our-work/reports/governance-and-internal-controls-over-local-infrastructure-contributions
Western Australia					
Local government waste management – service delivery	<p>This audit assessed whether local government entities plan and deliver effective waste management services to their communities</p>	Completed	August 2020	<ul style="list-style-type: none"> • All local councils 	https://audit.wa.gov.au/reports-and-publications/reports/waste-management-

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[service-delivery/introduction-and-background/](#)

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9 Internal Audits

No agenda items.

10 Compliance

10.1 Local Government Act 2020

Mr Malcolm Lewis provided a brief update on the Local Government Act 2020 and noted that work on the Financial Plan and Revenue & Rating Plan was progressing through the FinPro working groups. It was noted that there is likely to be a number of emerging issues from these groups and an outcome is expected over the next couple of months.

Attachments

Nil

11 Next Meeting

The next meeting is scheduled for Wednesday 3 March 2021 at 9am (virtual meeting).

12 Close

The meeting closed at 10.36am.

Liana Thompson
Chief Executive Officer