



Minutes

Audit and Risk Committee Meeting held at 9.00 AM on Wednesday 14 December 2022 in the Bennett Room, Pleasant Creek Historic Precinct, Stawell.

1 Present

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

Also in attendance

Cr Karen Hyslop
Mr Trenton Fithall, Acting Chief Executive Officer
Mr Graham Haylock, Manager Financial Services
Mr Peter Phelan, Coordinator Financial Services

2 Apologies

Apology received from Mr Vaughan Williams.

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

Nil

4 Confirmation of Minutes from the Previous Meeting

Confirmation of draft minutes from the Northern Grampians Shire Council Audit and Risk Committee meeting held, Wednesday, 14 September 2022.

Resolution:

That the minutes from the Audit and Risk Committee meeting dated 14 September 2022 be confirmed.

Moved: Cr Murray Emerson
Seconded: Mr Tony Roberts **Carried**

Attachment

1. 20220914 Audit and Risk Committee Meeting

5 Matters Arising from the Minutes

Final Audit Management Letter and Closing Report for 30 June 2022– this was discussed under item 6.1.

6 Financial Reporting and VAGO Audit

6.1 Audit Management Letter and the Closing Report for 30 June 2022

Mr Graham Haylock and Mr Peter Phelan to discuss the final Audit Management Letter and the draft Closing Report for the financial year ended 30 June 2022.

Items discussed included an update of the Management letter points outlined by external auditors (RSD) in the management letter. A presentation by Ms. Stretch Smith on the ICT items will be made at the March Audit Committee meeting. A discussion was had regarding the fair valuation basis of Council's Open Space assets.

Mr Haylock informed the committee that the RSD partner Mr Phil Delahunty is to retire and be replaced by another partner of the firm Mr Mahesh Silva.

Resolution:

That the Audit Management Letter and the Closing Report for 30 June 2022 be received and noted.

Moved: Ms Lynn Jensz
Seconded: Mr Tony Roberts **Carried**

Attachments

1. Management Letter
2. Closing Report

6.2 Quarterly Finance Report

Mr Graham Haylock presented the September Quarterly report. Items discussed included the value of Carry Forward funds for Capital projects (\$6m) and Operating Projects (\$0.67m) and the impact of grants received late in the financial year to Council's cash levels. Mr Graham Haylock also provided information to the committee on the collection work on rates debtors which has remained consistent over the last couple of years. It was discussed whether an Overdue Rates Debtor report could be issued to the committee in the future. A discussion was had regarding a report on the movement of Carry Forward projects that extend for more than one year and the expenditure occurring over that period. A suggestion was made on the timing of the Quarterly Report and whether it should be put to the Audit Committee before or after the full Council.

Outcome

- Future reports to split outstanding rates debtors between overdue and not due.
- Reports on carry forward projects to be tabled at the next meeting

Attachments

1. Finance Report September 2022

6.3 VAGO Sector Update

Mr Graham Haylock presented the VAGO Sector Update – November 2022. The discussion included the results of the audit report on Local Government grants and the possibility that some recommendations issued regarding local pool regulations could be reviewed to determine their viability of adoption by Council.

Attachments

1. VAGO Sector Update - November 2022

7 General Business

7.1 Draft Fraud Prevention Policy

Mr Graham Haylock provided a summary of the Fraud Prevention Policy, new aspects that are more extensive and wide ranging than the previous policy. Mr Tony Roberts discussed whether a new standing item could be included in the agenda of Audit and Risk Committee meetings to prompt if there were any known fraud events.

Outcome

- New standard item to be added to future agenda – notification of fraud events.

Attachment

1. Draft Fraud Prevention Policy

8 Next Meeting

The next meeting is scheduled to be held 8 March 2023.

9 Close

The meeting closed at 9.53am.

OFFICIAL



Final Management Letter

2021-22 Financial Report and Performance Statement of
Northern Grampians Shire Council

OFFICIAL

Background

I attach for your information the final management letter for the year ended 30 June 2022. The final management letter provides a summary of results of our audit. This report will be discussed at the Audit and Risk Committee meeting on 7th December 2022.

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

Engagement Leader

RSD Audit

VAGO Audit Service Provider

18 October 2022

Contents

Introduction 1

Summary of audit findings 3

Detailed audit findings-open issues..... 5

Business improvement opportunities and other guidance..... 8

APPENDIX A **Rating definitions and actions**..... 9

Introduction

We have completed the 2022 audit and now bring our findings to your attention.

Please read this document in conjunction with the closing report, which we presented to the Audit and Risk Committee on 14 September 2022.

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
- business improvement opportunities and other guidance.

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 finding/s
- our recommended actions
- management comments and dates for implementation.

Business improvement opportunities and other guidance

We may identify opportunities for your entity to improve the efficiency and effectiveness of its processes and controls. We may also share better practices from across the public sector. We do not monitor business improvement opportunities and other guidance.

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.

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.

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)	Ref	Findings	Rating	Classification of deficiency			Area	Resolved / unresolved	Management acceptance	Agreed implementation date
				Internal control	Financial / performance reporting					
Open issues (current and prior period)										
Final 2022	2022.1	Calculation of Long Service Leave	Moderate	X	X		Provisions	New	Yes	30 June 2023
Final 2022	2022.2	Parks, Open Space and Other Infrastructure Valuation Basis	Moderate	X	X		IPPE	New	Yes	30 June 2023
Final 2022	2022.3	Found Assets Recognised through the asset revaluation reserve instead of through the Comprehensive Income Statement.	Low	X	X		IPPE	New	Yes	N/A
Interim 2021	2021.1	Grants Register	Moderate	X	-		Governance	Unresolved	Yes	1 August 2021
Interim 2021	2021.3	ICT General Controls Weaknesses	Moderate	X	-		ICT	Partially resolved	Partly	TBD
Interim 2020	2020.2	Out of date Policies and Procedures Human Resources Policy	Low	X	-		Governance	Substantially resolved	Yes	September 2020

Finding first raised (month / year)	Ref	Findings	Rating	Classification of deficiency			Resolved / unresolved	Management acceptance	Agreed implementation date
				Internal control	Financial / performance reporting	Area			
		Business Continuity Management Framework are overdue for review.							
Final 2019	2019.3	Provision for Doubtful Debts Assessment Should be prepared in accordance with AAB 9.	Low	-	X	Receivables	Unresolved	Yes	30 June 2020
Prior period issues resolved during the period									
Interim 2021	2021.2	Invalid Tax File Numbers Within the payroll data base there are employees with invalid TFN. In 2022 we noted there were 10 such invalid TFN.	Low	X	-	Payroll	Resolved		
Final 2021	2021.4	Asset Register Maintenance A comprehensive review of the asset registers and depreciation rates applied has not been conducted.	Low	X	-	IPPE	Resolved	Yes	No date set

Detailed audit findings-open issues

Note: Additional detail is provided only where findings are MODERATE or HIGH risk items. LOW risk items are provided in summary format only.

Ref	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
2022.1	<p>Calculation of Long Service Leave provision</p> <p>We have noted a number of issues with the LSL provision model prepared by NGSC.</p> <ul style="list-style-type: none"> → We identified a number of errors in the LSL provision workings that had not been identified prior to audit; <ol style="list-style-type: none"> a) This includes employees with less than one year of service with excessive leave accrued b) In addition, discount rates had not been applied within the NPV workings → Workcover rate used in the calculation is 3.5% our review of the Workcover premium notice for FY2023 is only 1.8%. <p>These issues noted as part of the review resulted to an overstatement in provision and therefore an adjusting entry had to be processed at year end.</p>	<p>Recommendation</p> <p>We recommend NGSC:</p> <ul style="list-style-type: none"> → Perform a review of the workings to calculate the LSL provision balances at year end to ensure accuracy prior to audit (there is a new LSL model, we suggest NGSC considers on using the latest LSL model) → We recommend NGSC use the correct Workcover rate for next financial year, as the provision is for future years. 	<p>Recommendation: Accepted</p> <p>Responsible officer: Graham Haylock/Rohma Rauf</p> <p>Implementation date: 30 June 2023</p> <p>Management comments:</p> <p>Review of LSL model to be completed for the 2022/23 year end process.</p>
2022.2	<p>Parks, Open Space and Other Infrastructure Valuation Basis</p> <p>We noted that Parks, Open Space and Other Infrastructure classes of assets are valued at Cost. It is our understanding that LGV requires councils to recognise infrastructure at fair value (FV).</p> <p>LGV, through the model accounts (which are compulsory under the regulations) states that "The overriding principle in the recognition of assets is that all assets must be recognised at their fair value."</p>	<p>Recommendation</p> <p>We recommend a full review/stocktake of these assets to ensure 'ALL' assets are identified within the registers, and that the varied nature of these classes hasn't led to duplications of assets in other classes. The assets should then be valued at Fair Value as for other infrastructure and property.</p>	<p>Recommendation: Accepted</p> <p>Responsible officer: Jeevan Pinto/Graham Haylock</p> <p>Implementation date: 30 June 2023</p> <p>Management comments:</p> <p>A review of these assets to be completed for the 2022/23 year end process.</p>

Ref	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
2021.1	<p>Grants Register and AASB15/1058 recognition assessment</p> <p>From the beginning of FY20, all organisations are required to apply the new Accounting Standards AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities. These require judgements to be made that then defines the appropriate accounting treatment to be applied to the grant. During our interim visit, we assessed the process in place to record the conclusions made in the application of the standards. There was not a clear record of the assessment and conclusions.</p> <p>Council should create a grants register which records the references to, and brief comments about, each of the key grant agreement clauses which influenced the assessment of which Accounting Standard applied.</p> <p>That is, it should be noted in the grants register whether the grant is to be recognised under AASB 15 or AASB 1058, and the register should note details of any performance obligations and their due dates, and the revenue and income in advance recognition principles.</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> → implement a review process to ensure all grant contracts are recorded in the register; → create a grants register and ensure it is updated on a quarterly basis; & → ensure an assessment for TfC is completed and details of the applicable clauses, and your assessment of their implications, are also added to the grant register <p>Final 2021-22 audit update</p> <p>We acknowledge that a grants register has now been prepared by management. However, during our audit it was evident that the officers did not have an adequate understanding of the application of the tests and definitions under these standards, and some reclassifications were required.</p> <p>We recommend the relevant officers undertake training in 2022/23 and then revisit the classification of grants within the register.</p>	<p>Recommendation accepted</p> <p>Responsible officer: Rohma Rauf/ Phuong Au</p> <p>Implementation date: 1 August 2021</p> <p>Interim 2021-22 Management comment:</p> <p>New grants register to be completed for the 2021/22 year end process.</p> <p>Final 2021-22 management comment:</p> <p>As noted, the grants register has been prepared and management considers that part of the recommendation resolved. Management will investigate training opportunities during the 2022/23 financial year.</p>
2021.3	<p>ICT General Control Weaknesses</p> <p>Information Technology controls exist within an organisation's internal control framework to provide assurance over the security, confidentiality, integrity, and availability of council data.</p> <p>As part of our review of NGSC General IT controls, we identified the following weaknesses:</p> <ul style="list-style-type: none"> → No ICT Penetration testing has been performed 	<p>We recommend NGSC:</p> <ul style="list-style-type: none"> → Engage an external party to undertake an IT infrastructure penetration testing [Status – Unresolved - Council is seeking to co-ordinate such an exercise with other councils]. → Develop and adopt a Disaster Recovery Plan and Policy document [Status - Progressing] 	<p>Recommendation: partially accepted</p> <p>Responsible officer: Stretch Smith</p> <p>Implementation date: TBD</p> <p>Interim 2021-22 Management comment:</p> <p>Penetration testing was planned for 2021/22 however now deferred to 2022/23. This item was tabled to the Audit & Risk Committee and is listed on the schedule of work to be reported back on in the 2022/23 financial year.</p>

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"> → There is no documented Disaster Recovery Plan and Policy in place, while Council do not have an organisation wide DRP, Council advise they do have a data backup program in place → There is no ICT Security Management Policy (this policy will cover End user device security, Physical Security, Operational Security, Procedural security by ICT and Communications security) → No periodic review of the Network Access to IT systems <p>Interim 2021-22 Update: Cybersecurity and IT Health Assessments Our review of ICT systems identified that the council has undertaken a Microsoft Score Rating. However, this quite a simple rating tool, and a more extensive rating tool undertaken by other entities is the Essential Eight, which is a cyber self-assessment (security) maturity tool “to help organisations mitigate cyber security incidents caused by various cyber threats” and which has been designed to protect Microsoft Windows-based internet-connected networks. Developed by the ACSC, the Essential Eight are endorsed by the Victorian Government.</p>	<ul style="list-style-type: none"> → Develop an ICT Security Management Policy [Status - Progressing - To be formally approved in the future] → Conduct a periodic review of the Network User Access [Status – Unresolved to be included as part of the ICT Governance Framework which is currently under development] <p>Interim 2021-22 recommendation: With a number of serious and costly attacks directed to local government entities we again recommend that a more detailed assessment and penetration testing of the IT environment is conducted by NGSC.</p>	<p>DRP continues to be a work in process. ICT specific BCP and DRP are currently being developed. Information Security Management Framework was adopted December 2021</p> <p>Periodic review process development planned to formalise work already undertaken. A business system profile has been developed, along with a Business Systems and User Access Management Procedure.</p> <p>Final 2021-22 management comments: An RFQ is to undertake an ICT security audit is currently being developed. All current ongoing security activities will be considered alongside recommendations made following the audit, and an action plan developed for implementation in line with identified priorities and available resources.</p>

Business improvement opportunities and other guidance

During our audit, we identified the following business opportunities:

- As part of our ABN data analytics, we have identified 6 invalid ABN; further investigation identified that these suppliers were last used 10 years ago, and no purchases were found in FY2022. We suggest that suppliers that have not been used for some years are deleted in the supplier masterfile.
- Our review of the annual leave provision schedule identified that NGSC have not incorporated the oncost rates in the model used. This resulted to an unadjusted audit difference.
- As part of our credit cards testing, we noted that NGSC has 40 credit cards that are currently inactive.

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.



Northern Grampians Shire Council

Closing Report

For the financial year ended 30 June 2022

Presented to the Audit & Risk Committee on

7 December 2022

Background

I enclose for your information the closing report for the year ended 30 June 2022. The closing report provides a summary of results of our audit of the Northern Grampians Shire Council. This report will be discussed at the Audit & Risk Committee meeting on 7 December 2022.

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

RSD Audit

VAGO Audit Service Provider

Bendigo

24 October 2022

Contents

Contents.....	3
Introduction	1
Audit completion status.....	2
Areas of audit focus.....	3
Audit findings—financial report.....	6
Audit findings—performance statement.....	7
Other audit findings	8
Reports to Parliament.....	9
New and emerging developments	10
VAGO links and resources.....	11
APPENDIX A Outstanding audit matters.....	12
APPENDIX B Adjusted audit differences.....	13
APPENDIX C Unadjusted audit differences.....	15
APPENDIX D Management representation letter	16
APPENDIX E Final management letter.....	17

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 Memorandum issued on 27 April 2022.

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 reports to you
- provide a copy of the audit reports to the Minister for Local Government, and where applicable (i.e. when modified or when the Auditor-General directs) to the Assistant Treasurer.

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 is presented fairly under the *Local Government Act 2020*.

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

We can conclude and issue our audit opinions when we finalise our audit process. Outstanding audit matters include:

- A copy of the final financial statements and performance statements. These have been submitted to VAGO for their review.
- A review of the signed management representation letter
- Completion of the review of subsequent events.

Appendix A provides a detailed list of all 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.

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

1. Valuation of property, infrastructure, plant and equipment

Property, infrastructure, plant and equipment represent a significant part of the Council's total assets (\$451 million as at 30 June 2021), 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 management's assessment of cumulative fair value movements since the last comprehensive revaluation
- reviewed any indexation calculations prepared by management
- assessed the valuer's competence, skills and experience to conduct an appropriate valuation
- 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 and reasonableness of key assumptions and estimates used
- reviewed management's impairment assessment
- verified the accuracy of any revaluation accounting adjustments

In 2022 the Council did not revalue their land and buildings. The land was last revalued in 2018 and buildings in 2019. Our audit identified that there was likely to have been a material increase in values since then. Management then undertook a review of Fair Value utilising the Valuer General Victoria indices. An adjusting journal has been processed to index NGSC land and buildings.

A revaluation for Roads, Footpaths and Cycleways and Drainage was conducted in December 2021. We have performed audit verification of these revaluations and we are satisfied they are appropriate for the purposes of the financial statements.

For those infrastructure classes not revalued, we reviewed management's fair value assessments and confirmed they were appropriate and reasonable.

2. COVID-19

All levels of Government including local government are taking significant measures in response to the global pandemic caused by COVID-19. There is ongoing uncertainty with rapid and evolving responses to this pandemic including changing the way entities operate and, in some cases, closing operations, facilities and services to prioritise the health and safety of communities.

During times of significant uncertainty:

- staff morale, wellbeing and decision making may be affected
- key resources may be limited or redeployed to areas of critical need, and
- internal controls may not operate as intended.

The financial impacts may include:

- the receipt of government grants
- the loss of revenue derived from Council operated facilities due to COVID restrictions
- rental relief provided or received in response to COVID 19 to comply with requirements of AASB 16 Leases
- challenges associated with asset revaluation process due to COVID 19 restrictions.
- movement in fair values of land, buildings and infrastructure assets
- additional cost pressure incurred
- specific financial report disclosures highlighting the impact of COVID 19.

We:

- liaised with management to understand the impact of COVID 19 on your financial reporting (e.g. changes to revenue streams, demand on specific services, impacts on your workforce and associated cost implications, valuation of assets, additional provisioning requirements and cash flows)
- assessed the impact of COVID 19 on your control environment (due to work from home arrangements, changes to financial delegations' limits etc...)
- tested material transactions and balances
- audited the specific disclosures highlighting the impact of COVID 19 and ensure compliance with model LG model financial report template for 2021-22.
- scheduled the best timing for audit work to accommodate any additional pressure your organisation may be under in response to the pandemic.

Council have recorded in Note 1 some impacts to the financial statements and Council's operations due to COVID-19.

These impacts did not have a significant financial or economic impact requiring changes to our audit strategy.

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.

COVID-19 disclosures in the financial report are considered appropriate.

3. Valuation of employee benefit provisions

Provisions for employee benefits account for approximately 25% of Northern Grampians Shire Councils total liabilities and as at 30 June 2021 the employee benefits obligations disclosed were \$3.685 million.

The calculations and financial statements disclosures of employee provisions under AASB

We:

- performed data analytics and substantive analytical procedures perform substantive procedures over employee costs and provisions
- assessed the reasonableness and consistency of key assumptions, namely the DTF inflation and discount rates, wage rate increases, probability factors

As part of our review of the leave provisions we noted that leave on costs had not been incorporated in the leave provision calculations. Our estimated unadjusted difference is \$189,800.

<p>119 Employee Benefits require estimates and judgements such as:</p> <ul style="list-style-type: none"> • Inflation rates • Discount factors • Wage rate increases • Probability factors • Leave trend analysis <p>There are no significant changes to staff numbers expected in 2021-22, however the effects of COVID-19 may cause increases to employee leave balances, movements in DTF inflation and discount rates and changes to leave taken trends.</p>	<ul style="list-style-type: none"> • reviewed management's assessment and classification of annual leave as a short term or long-term entitlement as well as wholly settle within 12 months and after 12 months • assessed the adequacy of all disclosures 	<p>We conclude that employee provisions at year-end is not materially understated.</p>
<p>4. Accounting for government grants</p> <p>The council receives a significant amount of funding in the form of grants.</p> <p>The application of <i>AASB 15 Revenue from Contracts with Customers</i> and <i>AASB 1058 Income of Non-for-Profit Entities</i> requires management to exercise judgement in determining whether the funding agreement contains sufficiently specific enforceable performance obligations exist.</p> <p>Restrictions introduced by the Victorian Government in response to the COVID-19 pandemic may impact the council's ability to meet performance obligations and targets under a range of its funding agreements. A contract liability may or may not be required at balance date subject to the exercise of recall provisions or waivers by funding bodies.</p> <p>Termination for Convenience (TFC) clauses within grant agreements, that require a grant recipient to refund unspent amounts upon demand by the grantor gives rise to a financial liability on any unspent amounts.</p>	<p>We:</p> <ul style="list-style-type: none"> • updated our understanding of key controls over material items of revenue • evaluated management's process to assess funding arrangements against the requirements of AASB 15 and AASB 1058 • performed substantive analytical procedures • reviewed key grant agreements against the requirements of AASB 15 and AASB 1058 • made enquiries of management regarding funding subject to recall and if recall provisions are enacted or waived sight supporting documentation to confirm the appropriateness of the accounting treatment adopted • verified a sample of transactions to supporting documentation • obtained and review management's assessment of the impacts of Termination for Conveniences clauses • reviewed the adequacy of disclosures in your financial report 	<p>Based on our review and testing of the grants register and management's AASB 15 and 1058 assessment, we have concluded that grants present fairly.</p>

Audit findings—financial report

Materiality assessment

Misstatements are considered material if they individually or collectively could influence economic decisions of users of the financial report. 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 4% of current year IPPE \$18m.

Performance materiality for the financial report has been set at 65% of the current year IPPE \$11.8m.

Final specific materiality for particular statements, account balances or disclosures has been set at 4% of current year total expenditure \$1.8m.

Specific Performance materiality for the financial report has been set at 65% of the current year total expenditure \$1.2m.

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

The effect of adjusted audit differences on the financial report is a decrease of \$627,897 in the net result, and an increase of \$7,685,970 in net assets.

We found differences in the disclosures supporting the financial report, which management adjusted.

Appendix B presents the adjusted audit differences.

Unadjusted immaterial differences

The effect of unadjusted differences on the financial report is that the net result is understated by \$ 97,198, and net assets are overstated by \$ 97,198.

Appendix C presents the unadjusted immaterial differences.

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.

There were no new findings identified that to be included in our final management letter.

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 **5** audit differences in the performance statement, which management adjusted.

We also made recommendations for enhancements to the disclosures/comments in the performance report, which management adjusted.

Appendix B presents the adjusted audit differences in the performance statement.

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.

There were no new findings identified that to be included in our final management letter.

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.

Reports to Parliament

Results of the 2021-22 Audits: Local Government

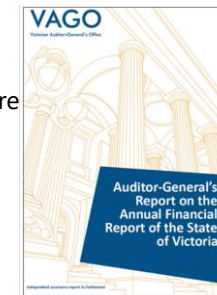
Moreland City Council will be included in the *Results of the 2021-22 Audits: Local Government* report. We will table this report post the State election and once the government is sworn in and sitting dates are set. The report will analyse the financial performance and position, and sustainability risks of the sector. The report also informs Parliament about the strengths and weaknesses in the control environments at entities within the sector and make recommendations to improve them as appropriate.

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.

Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2021-22

Each year, the Auditor-General presents the Annual Financial Report of the State of Victoria to the Victorian Parliament. The report analyses and provides commentary on key aspects of the financial performance and position of the state. In line with the Act, and where appropriate, it provides information and recommendations for more effective and efficient management of public resources. We must table this report on or before 24 November 2022.



New and emerging developments



Financial reporting updates

Financial reporting alerts

VAGO provides financial reporting alerts on a regular basis on [our website](#).

Revenue and income recognition

AASB 15 *Revenue from Contracts with Customers* has been amended via *AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*.

Through this amendment, the AASB has:

- added an illustrative example 7A to AASB 15 to clarify the requirements of upfront fees providing an example that may be helpful as it is more generic in nature than the AUASB's schools illustrative example in AASB's staff FAQs.
 - deferred its consideration of whether to extend indefinitely a not-for-profit entity's initial election to measure right-of-use assets arising under concessionary leases at cost or at fair value. The AASB will make this decision after it considers additional guidance for measuring the fair value of right-of-use assets under concessionary leases.
-

VAGO links and resources



VAGO's website

VAGO's role

Annual work plan

Strategic plan

Our reports

Audits in progress

Privacy policy

[Financial reporting alerts.](#)

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 report(s).

Item	Action required	Responsibility
Draft financial statements/Performance Statement	We have performed our reviews of the draft financial statements and performance statement. These have now been provided to VAGO for their further review.	Audit, VAGO
Subsequent events update	Provide details of any significant transactions and events up to date of signing. Audit will assess for any impact on the financial report	Management and audit
Financial report and performance statement certification	To be signed on adoption of the accounts by the Board	Management
Management representation letter	To be signed on same date as the certification of the financial report	Management

After we issue our audit report, 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 version of the signed financial report, performance 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, performance report and auditor's report. We request your notification to us of your publication of your annual report on your website.

APPENDIX B

Adjusted audit differences

Adjusted dollar differences

Financial report component(s)	Adjusted \$	Basis for the adjustment
Buildings at valuation	Dr 7,875,222	Land and buildings increment, adjusting journal required to be processed due to the movement being over 10%.
Accum Depn – Buildings	Cr 2,366,645	
Land at valuation	Dr 1,549,196	
Asset reval reserve – Land	Cr 1,549,196	
Asset reval reserve – Buildings	Cr 5,508,576	
Annual leave expense	Dr 189,800	On cost amounts not applied on annual leave provision calculations.
Annual leave provision	Cr 189,800	
Current – LSL provisions	Dr 706,713	Initial LSL provision worksheet had an error with a few employees with less than a year of service having a significant LSL accrued hours, resulting in the LSL provision being overstated.
Non-current – LSL provisions	Dr 110,984	
Employee provision – Expense	Cr 817,697	

Subsequent to commencing the audit, various other journals (affecting 23 different general ledger accounts) were identified by the finance team leading to amendments to the initial trial balance provided to audit.

Adjusted differences of disclosures in your financial report and indicators in your performance statement

Financial report disclosure / performance statement indicator	Adjustment	Basis for the adjustment
Indicator C7	63 terminations rather than the 50 used. This resulted in a change to the indicator going from 20.5% to 25.8%	Incorrect inputs used
Indicator C5	"This has been an increase in the amount of recurrent funding that council has along with the minimal population growth increases this indicator"	Incorrect commentary
Indicator C1	"There was a reduction in the year as there were less asset write off compared to the previous year"	Incorrect commentary
Indicator FS4	"This due to one..."	Grammatical error
Retired asset renewal	The retired asset renewal indicator has a green background in the 2021 year which is inconsistent with the remaining colour scheme	Inconsistent with scheme

APPENDIX C

Unadjusted audit differences

Unadjusted dollar differences

Financial report component(s)	Unadjusted \$	Basis for the difference and the reason/s for not adjusting
Landfill expense	Dr 97,198	Increase in landfill provisions to account for inflation and discount factors as well as extending the aftercare to 30 years, as initially NGSC only accounted for 15 years. The landfill site closed in FY 2017 therefore there are 25 years of rehabilitation left.
Landfill provision	Cr 97,198	

Unadjusted differences of disclosures in your financial report and indicators in your performance statement

Financial report disclosure / performance statement indicator	Recommended disclosure	Basis of our recommendation
Nil		

APPENDIX D

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 draft version of the management representation letter is provided as a separate attachment.

When forming our audit opinion, we did not rely solely on management representations.

APPENDIX E

Final management letter

We have provided a draft version of the final management letter as a separate attachment.

Financial Report

30 September, 2022



Contents

Carry Forward Summary..... 3

Cash Flow Statement..... 5

Operating Statement..... 6

Operating Progress Graphs..... 8

Capital and Project Summary..... 9

Capital and Project Expenditure Progress Graph..... 10

Cash and Investments..... 11

Debtors Report..... 12

Loan Report..... 13

FINANCE REPORT - SEPTEMBER 2022: CARRY FORWARDS

Summary of Variations

The variation between the 2022/23 Adopted Budget and the 2021/22 Actuals made up of the following components: -

		\$000's
Opening Cash		
	Additional Cash @ 30 June 2022 vs 2023 Opening Budgeted Cash Position	4,069
Explanation of Additional Cash		
	<i>Carry Forward to 2022/23:</i>	
	Capital Works & Projects	6,876
	Operating Projects	667
		7,543
Explanations of Further Variances Against Additional Cash		
	Capital grants received in prior years	(6,014)
	Savings in operating programs	2,540
		(3,474)

Summary of Carry Forwards		\$
Capital Works & Projects		
Expenditure budgeted for in 2021/22 - to be expended in 2022/23		
	Infrastructure Program - Bridge & Culverts Program	710,713
	Open Spaces - Central Park/North Park Upgrades	593,832
	Land Improvement - Sloane St Development	578,845
	Lord Nelson Park Multipurpose Sporting Facility Redevelopment	457,986
	Lord Nelson Park - Sports Ground Lighting	347,992
	Infrastructure Program - Transport dev Program	320,810
	Heavy Plant Replacement Program	309,638
	Grampians RDV Regional Cycling	300,000
	Great Western Trail	273,830
	St Arnaud Tennis Club Renewal	238,505
	SMART Waste Technology	237,365
	Infrastructure Program - Streetscape Program	228,304
	Infrastructure Program - Kerb & Channel Program	225,000
	Stawell Library Redevelopment	204,765
	North Park Precinct Projects	190,304
	Market Square Master Plan	185,230
	Stawell Pound Upgrade	181,505
	Infrastructure Program - Rehabilitation Program	150,000
	Stawell, St Arnaud & Marnoo Flood works	134,798
	Walkers Lake Reserve Projects	120,278
	Remembering Stella Young	117,862
	Infrastructure Program - Resheeting Program Program	100,000
	Caravan Park Upgrades	86,017
	Stawell Aerodrome Open Spaces	75,734
	Navarre Recreation Reserve Projects	60,000
	Infrastructure Program - Resealing Program Program	59,751
	Infrastructure Program - Major Rural Roads Program	55,000
	St Arnaud Town Hall Audio Visual	50,000
	Energy Efficiency In Buildings	50,000
	Stawell Cemetery	50,000
	St Arnaud Pool	33,000
	Stawell Tourism Action Plan	29,105
	Infrastructure Program - Drainage Program	28,980
	Bulgana Wind Farm	26,403
	Stawell Skate Park	24,170
	Great Western Oval Lighting works	23,484
	Infrastructure Program - Town Street Sealing Program	21,646
	Cultural Heritage Trail	19,270
	Infrastructure Program - Final Seal Program	14,289
	Great Western Future Plan	14,173
	Infrastructure Program - Urban Rd Improvement Program	7,000
	Infrastructure Program - Footpaths Program	4,200
	Bellfield Bikepath Development (*grant to be received)	(63,514)
		6,876,270

Operating Projects

Information Systems	184,310
Aged Friendly Communities	79,644
CCCF Sustainability Support	66,874
St Arnaud ELC - programs	57,990
HACC - PYP	46,282
KISP Planning Grant	35,000
Marnoo & Navarre Community Plans	34,390
Covid Engagement	24,500
Outdoor Dining Project	23,840
Gatherings 2023	23,000
Ready for Life Early Years	20,400
Early Schools Readiness Funding	21,423
Kinder Central Enrolment	20,634
Live The Grampians Way	10,000
Libraries	10,000
Community Development	8,500
	<u>666,787</u>

Total Carry Forwards 7,543,057

Executive Summary as at 30 September, 2022

It should be noted that this report only reflects spending to 30 September, 2022.

The forecast shows an unfavourable movement of \$4M 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 \$14.8M cash.

Cash Flow Statement as at 30 September, 2022

	Actuals to September, 2022 \$' 000	Total Forecast \$' 000	Budget 2022-23 \$' 000	Variations to Budget Fav (Unfav) \$' 000
Operating Activities				
Revenue				
Rates & Charges	(4,482)	(19,474)	(19,367)	107
Operating Grants	(1,230)	(10,752)	(10,753)	(1)
Statutory Fees & Fines	(107)	(356)	(356)	-
User Fees	(493)	(2,023)	(2,023)	-
Contributions	(29)	(49)	(49)	-
Other Revenue	(214)	(749)	(749)	-
Total Revenue	(6,555)	(33,403)	(33,297)	106
Expenses				
Employee Costs	4,104	18,454	18,427	(27)
Materials & Services	252	12,589	10,843	(1,746)
Borrowing Costs	-	70	73	3
Other Expenses	48	940	941	1
Total Expenses	4,404	32,053	30,284	(1,769)
Net Operating	(2,151)	(1,350)	(3,013)	(1,663)
Investing Activities				
Capital Expenditure	3,279	19,383	11,644	(7,739)
Capital Grants	(735)	(7,621)	(6,210)	1,411
Capital Income	-	-	(90)	(90)
Capital Contributions	-	(10)	(10)	-
Repayment of Loans & Advances	-	-	(5)	(5)
Net Investing Activities	2,544	11,752	5,329	(6,423)
Financing Activities				
Principal Repayments	24	97	97	-
Net Financing Activities	24	97	97	0
Net Movements for Year	767	10,499	2,413	(8,086)
Opening Cash	25,347	25,347	21,277	(4,070)
Closing Cash	24,580	14,848	18,864	4,016

Operating Statement as at 30 September, 2022

25% through the year

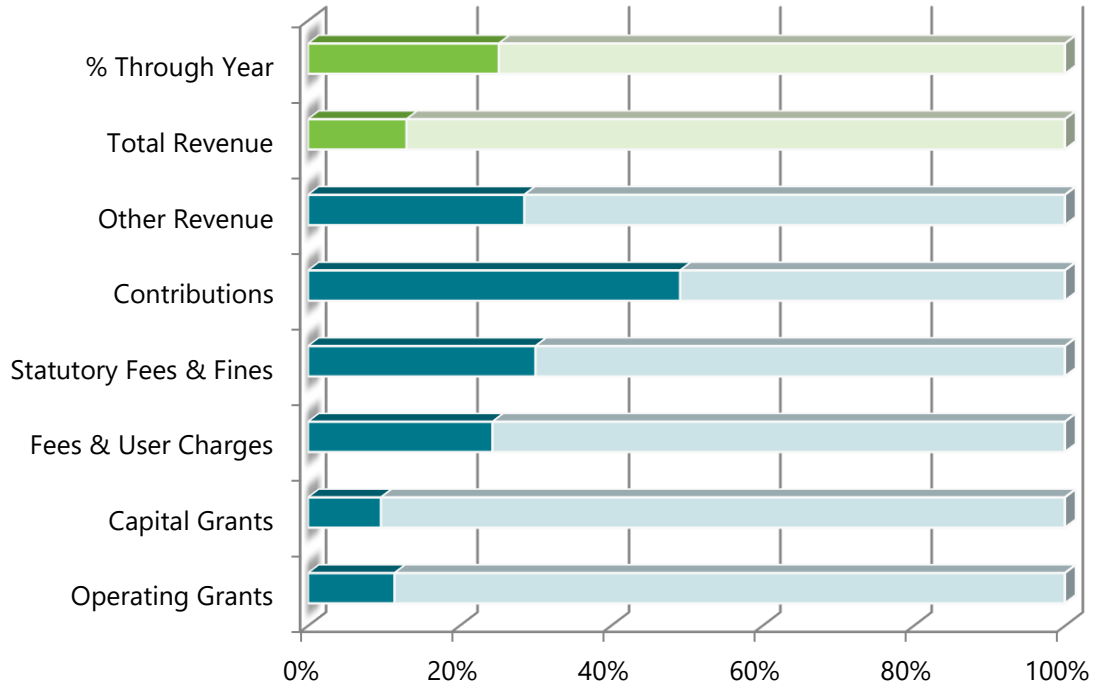
	YTD Committed Actuals \$000's	Forecast \$000's	Adopted Budget \$000's	% Actuals to Forecast %
Revenue				
Rates & Charges				
Residential	(8,557)	(8,557)	(8,494)	100%
Farm/Rural	(5,491)	(5,491)	(5,488)	100%
Commercial	(785)	(785)	(766)	100%
Industrial	(428)	(428)	(402)	100%
Cultural & Recreational	(12)	(12)	(12)	100%
Municipal Charge	(1,008)	(1,008)	(1,003)	100%
Garbage Charge	(2,870)	(2,870)	(2,848)	100%
Rates in Lieu	(357)	(357)	(355)	100%
Rates & Charges	(19,508)	(19,508)	(19,367)	100%
Grants Capital				
Capital Grants	(735)	(7,621)	(6,210)	10%
Grants Capital	(735)	(7,621)	(6,210)	10%
Grants Operating				
Aged & Disability Services Grants	(154)	(809)	(809)	19%
Child Care Grants	(203)	(791)	(791)	26%
Environmental Grants	-	(75)	(75)	0%
Untied Grants	(583)	(8,718)	(8,718)	7%
Operating Grants	(170)	(237)	(237)	72%
Public Safety Grants	(120)	(123)	(123)	98%
Grants Operating	(1,230)	(10,752)	(10,752)	11%
User Fees				
Aged and Disability Service Fees	(150)	(399)	(399)	38%
Child Care Fees	(67)	(336)	(336)	20%
Leisure Fees	(122)	(716)	(716)	17%
Local Law Fees	(28)	(120)	(120)	23%
Other Fees	(29)	(160)	(160)	18%
Public Health Fees	(18)	(87)	(87)	20%
Rental Income	(55)	(153)	(153)	36%
Private Works Infrastructure	(6)	(21)	(21)	27%
Waste Management Fees	(19)	(22)	(22)	89%
User Fees	(493)	(2,023)	(2,023)	24%
Statutory Fees and Fines				
Building Fees	(59)	(182)	(182)	32%
Local Law Fees	(3)	(4)	(4)	66%
Other Fees	(3)	(30)	(30)	10%
Planning Fees	(42)	(140)	(140)	30%
Statutory Fees and Fines	(107)	(356)	(356)	30%
Contributions				
Contributions to Capital	-	(10)	(10)	0%
Contributions Other	(29)	(49)	(49)	59%
Contributions	(29)	(59)	(59)	49%
Other Revenue				
Interest Income	(23)	(151)	(151)	15%
Other Revenue	(192)	(599)	(599)	32%
Other Revenue	(214)	(749)	(749)	29%
Revenue	(22,316)	(41,069)	(39,518)	54%
Revenue (excl Rates & Charges)	(2,808)	(21,562)	(20,150)	13%

Operating Statement as at 30 September, 2022

25% through the year

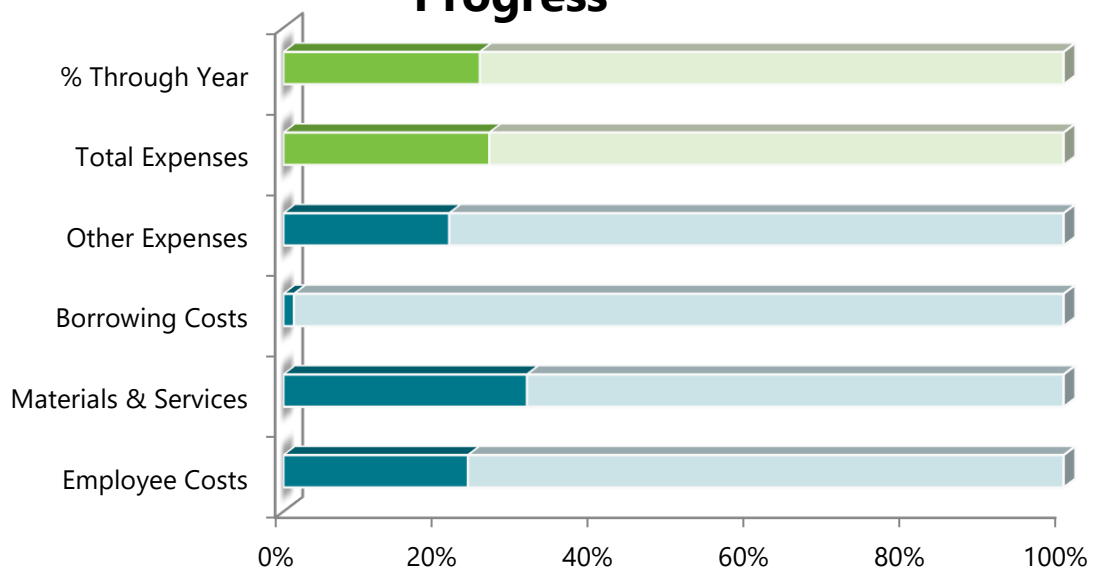
	YTD Committed Actuals \$000's	Forecast \$000's	Adopted Budget \$000's	% Actuals to Forecast %
Expenses				
Employee Benefits				
Salary & Wages	3,686	15,810	15,810	23%
Superannuation	394	1,763	1,763	22%
LSL Provision Movement	-	463	463	0%
Fringe Benefit Tax	2	33	33	5%
Workcover	282	359	359	78%
Employee Benefits	4,363	18,428	18,428	24%
Materials & Services				
Advertising	43	119	119	36%
Apprentice Reimbursements	-	720	-	0%
Audit Fees	-	55	55	0%
Bank Fees	11	58	58	20%
Catering	1	28	28	5%
Communications	25	133	133	19%
Contract Employees	125	376	376	33%
Contractors	694	3,159	3,159	22%
Contributions - Reciprocal	319	319	39	100%
Cost of Goods Sold	52	175	175	30%
Equipment Mtc & Repair	272	680	680	40%
Fuel	176	509	509	34%
Insurance	594	715	715	83%
Leases	87	387	387	23%
Legal Expenses	9	102	102	9%
Memberships & Subscriptions	118	266	266	44%
Minor Equipment	82	105	105	78%
Office Supplies	2	9	9	17%
Other Materials and Services	433	1,106	1,106	39%
Postage & Freight	8	36	36	22%
Printing	15	58	58	25%
Professional Advice	128	473	473	27%
Recruitment & Retention Expenses	2	21	21	8%
Security Expenses	10	66	66	15%
Software Costs	372	1,644	1,644	23%
Uniforms & Protective Clothing	48	88	88	54%
Utilities	74	438	438	17%
Materials & Services	3,700	11,843	10,843	31%
Depreciation				
Depreciation	-	14,139	14,139	0%
Depreciation	0	14,139	14,139	0%
Amortisation				
Amortisation	-	86	86	0%
Amortisation	-	86	86	0%
Finance Costs				
Finance Costs	1	70	70	2%
Lease Costs	-	3	3	0%
Finance Costs	1	73	73	2%
Other Expenses				
Contributions - Non Reciprocal	87	370	370	24%
Councillor Allowances	54	233	233	23%
Other Expenses	58	337	337	17%
Other Expenses	200	940	940	21%
Expenses	8,263	45,509	44,509	18%
Expenses (excl Depreciation)	8,263	31,283	30,284	26%
Other Income Statement Items				
Proceeds of Asset Sales	(152)	-	-	
Other Income Statement Items	(152)	0	0	
Operating Statement	(14,205)	4,439	4,991	-320%

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	Remaning
Major Emergency Restoration	412	-	0%	100%
Roads	1,646	6,369	26%	74%
Bridges	241	2,123	11%	89%
Building	932	2,585	36%	64%
Drainage	15	107	14%	86%
Open Spaces	499	6,209	8%	92%
Land & Land Improvements	-	579	0%	100%
IT	2	69	3%	97%
Plant, Vehicles & Equipment	195	1,100	18%	82%
Projects	667	794	84%	16%
Total Capital & Projects	4,610	19,934	23%	77%

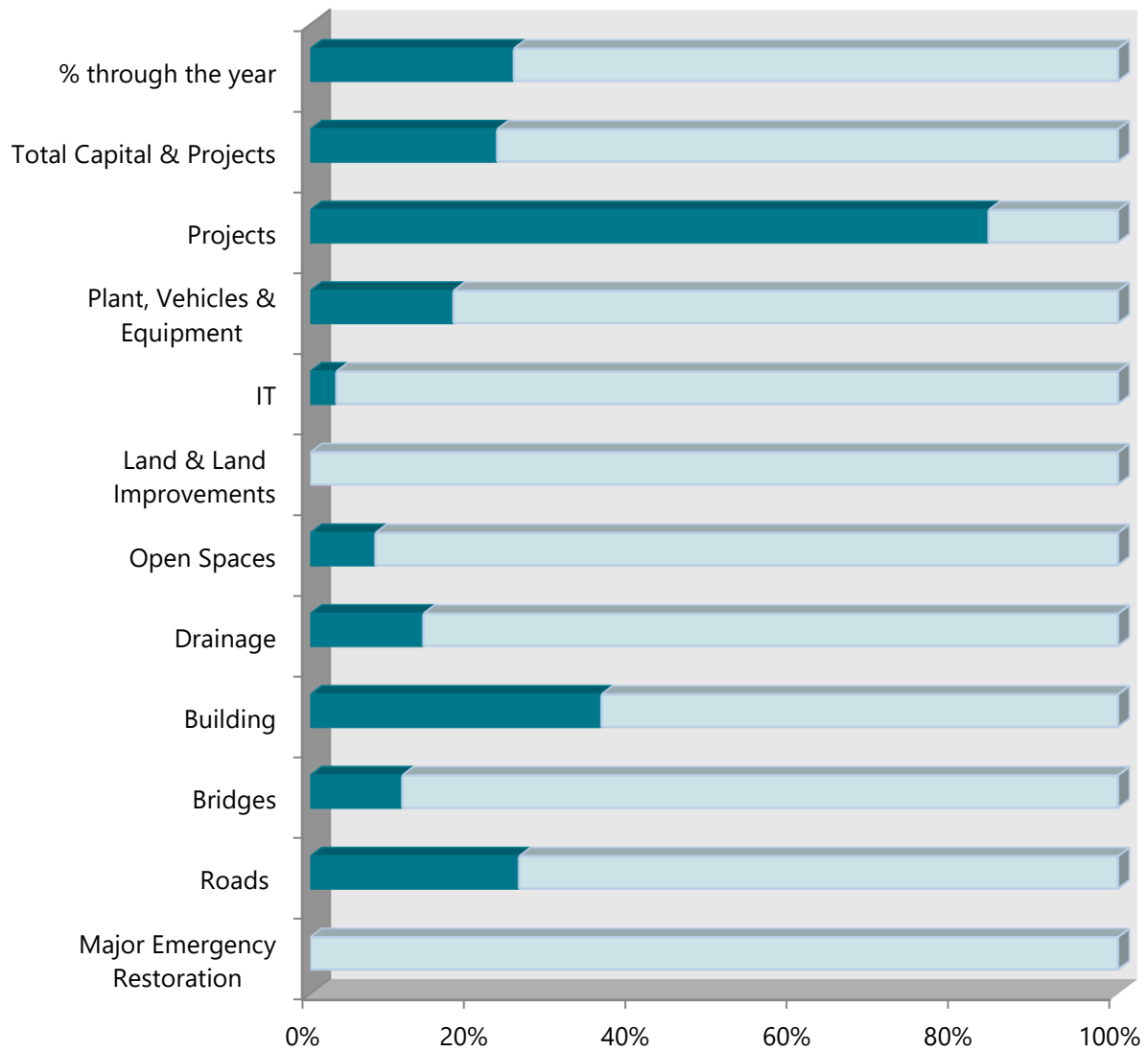
2022/23 Capital Program

Capital Projects	3,233	18,984
Expensed Projects	726	950

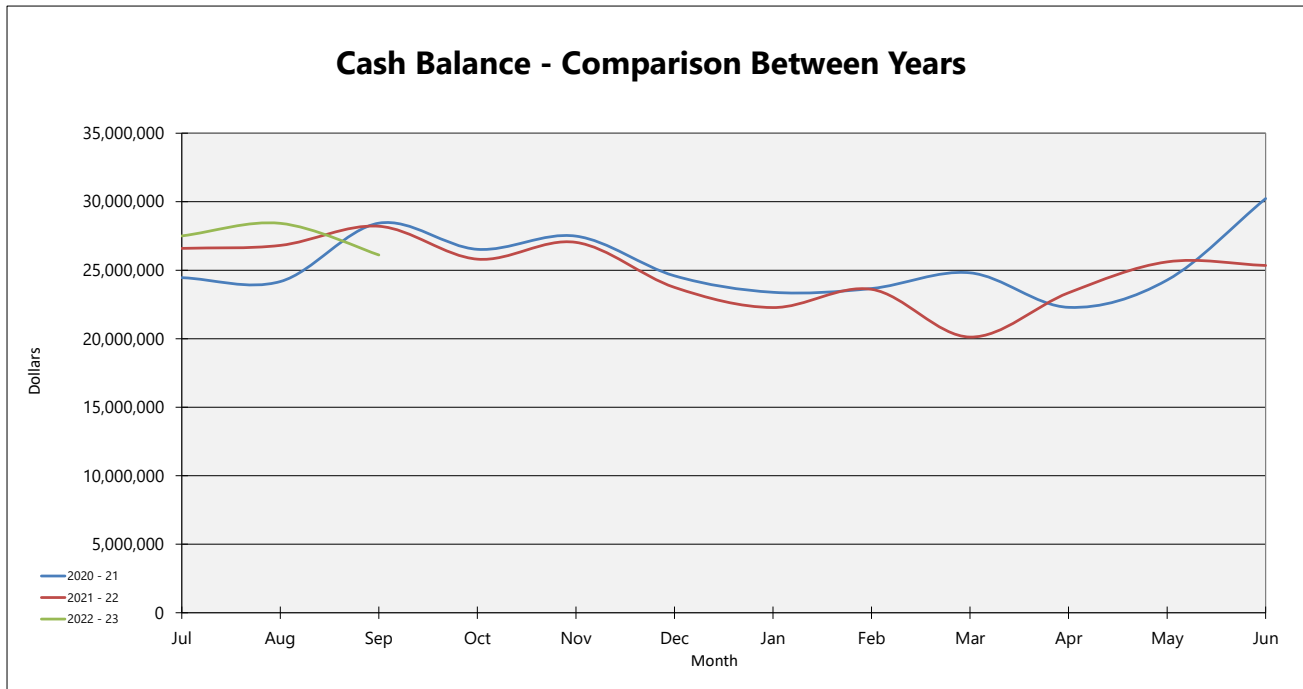
2022/23 Major Emergency Restoration

Capital Projects	350	-
Expensed Projects	62	-
Total Capital & Projects	4,372	19,934

Capital & Project Expenditure Progress



Cash and Investments as at 30 September, 2022



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	26,525,969	27,490,366	24,592,324	23,388,847	23,663,702	24,811,535	22,290,630	24,280,838	30,230,677
2021 - 22	26,594,594	26,813,020	28,211,375	25,807,441	27,033,930	23,750,045	22,274,406	23,607,188	20,121,050	23,354,913	25,609,380	25,346,744
2022 - 23	27,503,395	28,422,074	26,113,673									

Restricted Cash required as at 30 September, 2022

\$ 5,200,000

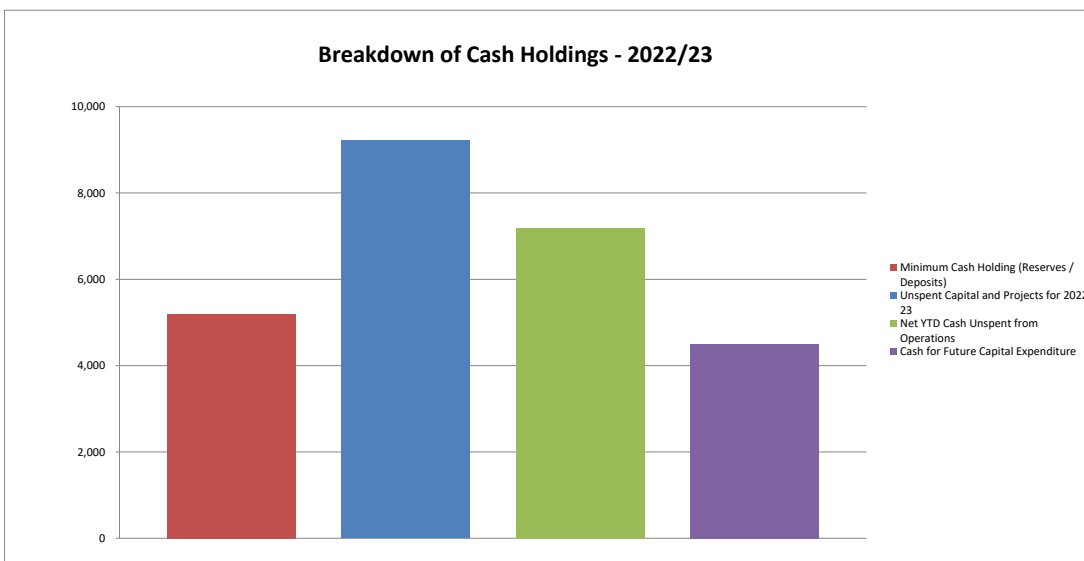
Available Cash as at 30 September, 2022

\$ 20,913,673

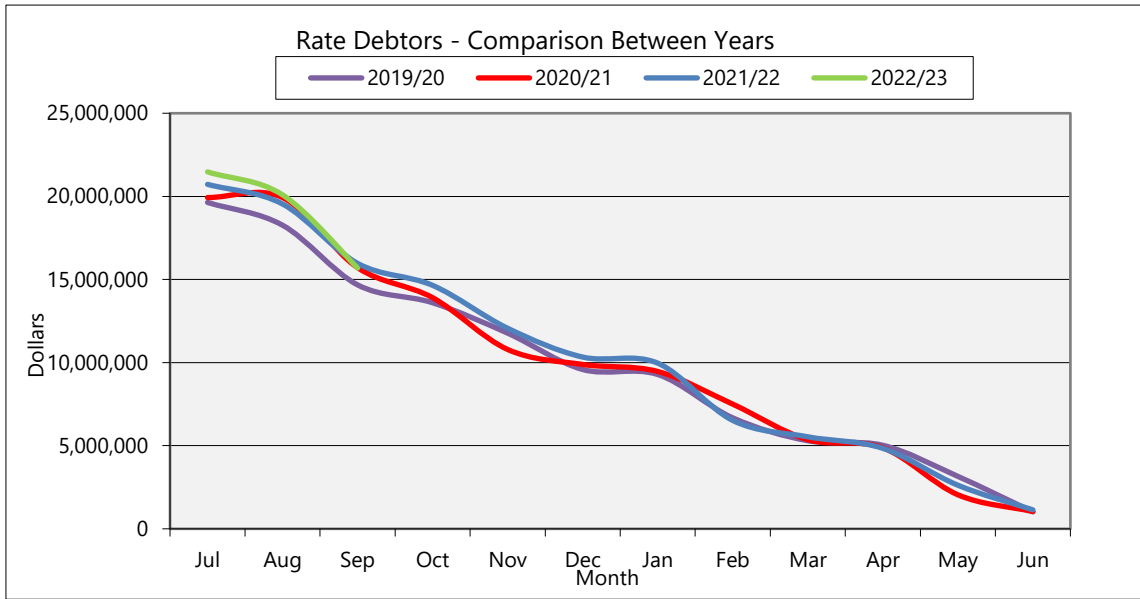
\$ 26,113,673

Breakdown of Cash Holdings

	\$000's
Minimum Cash Holding (Reserves / Deposits)	5,200
Cash for Future Capital Expenditure	4,504
Unspent Capital and Projects for 2022-23	9,218
Net YTD Cash Unspent from Operations	7,192
Total Cash held as at 30 September, 2022	26,114



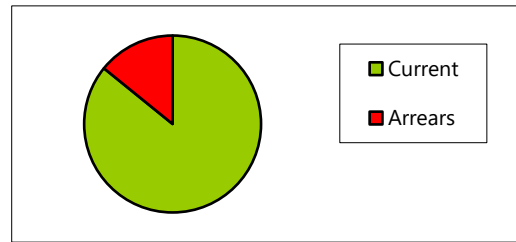
Debtors Reports as at 30 September, 2022



Rates Debtors YTD

Current
Arrears
Total

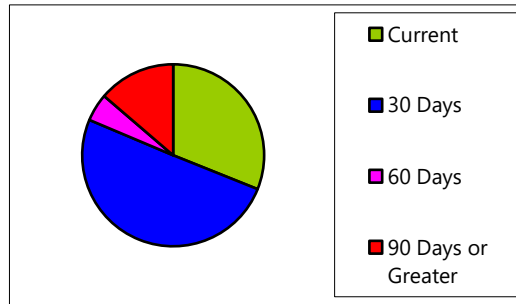
\$	%
13,464,762	86%
2,220,509	14%
15,685,271	100%



Sundry Debtors YTD

Current
30 Days
60 Days
90 Days or Greater
Total

\$	%
225,582	31.1%
365,150	50.3%
35,775	4.9%
99,564	13.7%
726,072	100%



Details:

Current	Not due yet.
30 days	\$ 332 k is for rates in lieu of which only a quarter was due by 30th September. Invoice has now been paid in full.
60 days	\$ 27.5 k is CFA contribution to a road upgrade
90 Days or Greater	\$ 27.5 k DoT delayed payment as they requested further information prior to payment. Long standing cemetery debt of \$61K and Fire Hazard property debts of \$8k across eight properties are unpaid.

Loan Report - Budget 2022/23

Borrowing principles:

Indebtedness

Our level of debt will not exceed 60% or \$11.6 million of rates and charges revenue.

Indebtedness Calculation Check 5.5% ✓

Debt servicing costs

Our level of annual debt servicing costs (principal plus Interest) will not exceed 5% or \$1.7 million of our total operating revenue.

Debt Servicing Calculation Check 0.4% ✓

Loans budgeted 2022/23:

Principal

	\$000's
Loans outstanding as at 30 June, 2022	1,097
Add proposed new loans 2022/23	-
Less scheduled repayments 2022/23	(97)
Loans Outstanding as at 30 June, 2023	1,000

Expiry of existing loans

	Expiry	Balance \$000's
Loan 16	Jun-23	97
Loan 20	Jun-26	1,000
		1,097

VAGO Status Report – November 2022

This activity status report has several sections. Details as follows:

Section	Comment
Caretaker conventions	Information regarding the caretaker conventions at the time of a state election.
VAGO news	Details regarding the 2022–23 annual plan Budget independence for integrity agencies
VAGO Financial Audit – update	Matters related to the 2021–22 financial audit
VAGO Performance Audit – proposed engagements	A summary of proposed performance audits
VAGO Performance Audit – engagements in progress	An update on performance audits underway
VAGO recently tabled Parliamentary reports	A summary of audit reports recently tabled in Parliament of potential interest and relevance
Other Victorian Integrity and Local Government related bodies	Details of audits or investigations underway and recently published reports
Other Australian audit offices	A summary of audits planned or details of recently tabled / published reports

Contents

Caretaker conventions..... 3

VAGO news..... 4

VAGO Financial Audit – update..... 5

VAGO Performance Audit – proposed engagements 6

VAGO Performance Audit – engagements in progress 7

VAGO recently tabled Parliamentary reports 8

Other Victorian Integrity and Local Government related bodies 12

Other Australian audit offices..... 15

Caretaker conventions

State election 26 November 2022

The Victorian state election is being held on Saturday, 26 November 2022. This means that the caretaker period begins at 6.00pm on 1 November 2022. Information regarding the caretaker conventions can be located at the following links:

Victorian Public Sector Commission website

<https://vpvc.vic.gov.au/caretaker-conventions/>

A link to the caretaker conventions FAQ on the vic.gov.au website

<https://www.vic.gov.au/caretaker-conventions-faq#where-can-i-find-more-information-on-the-application-of-the-guidelines>

VAGO news

Annual plan 2022-23

VAGO's annual plan 2022-23 was tabled in Parliament on 9 June 2022. The Annual Plan 2022-23 covers our two-year forward work program.

A link to the Annual plan 2022-23 is as follows:

<https://www.audit.vic.gov.au/report/annual-plan-2022-23>

Budget independence for integrity agencies

Victoria's integrity agencies: Independent Broad-based Anti-corruption Commission, Victorian Auditor-General's Office and the Victorian Ombudsman, have come together to present an evidence based paper outlining the need for greater budgetary independence. The intention is to remove the politics from the debate, so that governments of whatever stripe cannot be accused, fairly or otherwise, of interfering with the independence of those agencies whose job it is to hold them to account.

The paper '*Budget Independence for Victoria's Independent Officers of Parliament*' discusses the current approach of other jurisdictions and sets out the case to further strengthen the perceived and actual independence of Victoria's key integrity agencies.

<https://www.audit.vic.gov.au/news/victorias-integrity-agencies-call-greater-budgetary-independence-20221018>

VAGO Financial Audit – update

Item	Status	Comment
2021-22 Financial Audit		
Annual audit of the financial report and performance statement	In progress	<p>The Local Government sector comprises 104 agencies with a 30 June balance date.</p> <p>As at 31 October 2022 we had issued unmodified audit reports with respect to 86 agencies. The Road to Recovery (R2R) and LRCI acquittals for 2021-22 are underway.</p>
Parliamentary reports		
Results of audits 2021-22: Local Government report	In progress	<p>We will table this report post the State election and once the government is sworn in and sitting dates are set.</p> <p>The report will analyse the financial performance and position, and sustainability risks of the local government sector. The report also informs Parliament about the strengths and weaknesses in the control environments at entities within the sector and make recommendations to improve them as appropriate.</p> <p>We will release an interactive dashboard to accompany the Parliamentary report. This will enable users to visualise:</p> <ul style="list-style-type: none"> → sector results over the last five years → trends and composition analyses for specific entities → compare results between entities over time.

VAGO Performance Audit – proposed engagements

Overview of performance audit / limited assurance review	Proposed tabling	Proposed agencies in-scope
A summary of proposed performance audits or limited assurance reviews relating to the Local Government sector and/or involving councils		
Developing Fishermans Bend To determine whether planning and early development of Fishermans Bend supports the delivery of the development's objectives.	2023-24	DELWP, Development Victoria, DJPR, Melbourne City Council and Port Phillip City Council
Illegal disposal of asbestos-contaminated materials To determine whether responsible agencies have controls in place to address illegal dumping of asbestos-contaminated (hazardous) waste.	2023-24	DELWP, EPA, Hume City Council, Moreland City Council, Parks Victoria, Sustainability Victoria and Work Safe Victoria
A summary of proposed performance audits or limited assurance reviews of potential interest		
Assuring the integrity of the Victorian Government's procurement activities To determine whether Victorian government departments manage the risks of fraud and corruption when procuring goods and services.	2023-24	DELWP, DET, DFFH, DH, DJCS, DJPR, DoT, DPC, DTF and VPSC
Managing employee performance in the Victorian public service To determine whether public sector agencies are assessing performance and managing progression in accordance with the <i>Victorian Sector Enterprise Agreement 2020</i> .	2023-24	DELWP, DET, DFFH, DH, DJCS, DJPR, DoT, DPC, DTF and VPSC
Managing state significant risks To determine whether agencies work collaboratively to identify, monitor and manage state significant risks.	2023-24	DELWP, DET, DFFH, DH, DJCS, DJPR, DoT, DPC, DTF and VMIA

VAGO Performance Audit – engagements in progress

Overview of performance audit / limited assurance review	VAGO Director	Next milestone	Proposed tabling	Agencies in-scope
A summary of performance audits or limited assurance reviews underway relating to the Local Government sector and/or involving councils				
Regulating private pool and spa safety To determine whether councils are effectively implementing private pool and spa safety barrier regulations.	Jenny Koong	Provisional report November 2022	March 2023	Frankston City Council, Greater Bendigo City Council, Melton City Council, Mornington Peninsula Shire Council and Surf Coast Shire Council
Regulating food safety To determine whether councils' administration of food safety regulation ensures legislative compliance and supports public health.	Jenny Koong	End of Conduct brief October 2022	March 2023	DH, Greater Geelong City Council, Hepburn Shire Council, Kingston City Council and Manningham City Council
A summary of performance audits or limited assurance reviews underway involving public sector agencies				
Contractors and consultants in the Victorian public service – Spending To determine whether departments are accurately recording, monitoring and reporting their spending on contractors and consultants.	Trang Ho	End of Planning brief November 2022	March 2023	All departments and VPSC
Cyber series – Security of Cloud Computing Platforms To determine whether selected agencies have implemented effective controls in their public cloud computing platforms.	Trang Ho	End of Planning brief November 2022	May 2023	All departments and Cenitex

VAGO recently tabled Parliamentary reports

Title	Comment	Tabling date	VAGO Director
Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2021–22	<p>The report analyses and comments on key aspects of the state's financial performance and position.</p> <p>Our complementary Auditor-General's Report on the AFR: 2021–22 data dashboard graphically presents the general government sector financial information reported in the AFR and state budget, and the financial ratios we use in our report.</p> <p>https://www.audit.vic.gov.au/report/auditor-generals-report-annual-financial-report-state-victoria-2021-22</p>	28 October 2022	Ryan Green
Regulating Victoria's native forests	<p>This audit assessed whether the Office of the Conversation Regulator effectively regulates timber harvesting operations in Victoria's native forests.</p> <p>https://www.audit.vic.gov.au/report/regulating-victorias-native-forests</p>	6 October 2022	Dallas Mischkulnig
Victoria's Alcohol and Other Drug Treatment Data	<p>This audit assessed if the Department of Health's Victorian Alcohol and Drug Collection dataset is high quality and achieving its intended benefits</p> <p>https://www.audit.vic.gov.au/report/victorias-alcohol-and-other-drug-treatment-data</p>	6 October 2022	Andrew Evans
Annual Report 2021-22	<p>This report covers the activities of VAGO for the period 1 July 2021 to 30 June 2022. It is prepared in accordance with the Audit Act 1994 and the Financial Management Act 1994, and complies with the requirements of relevant Australian Accounting Standards and Interpretations, Standing Directions and Financial Reporting Directions.</p> <p>https://www.audit.vic.gov.au/report/annual-report-2021-22</p>	21 September 2022	Ryan Green
Major Projects Performance Reporting 2022	<p>This limited assurance review assessed if the public sector transparently reports the performance of major projects against cost, time, scope and benefits.</p> <p>https://www.audit.vic.gov.au/report/major-projects-performance-reporting-2022</p>	21 September 2022	Ryan Green

OFFICIAL

Title	Comment	Tabling date	VAGO Director
Quality of child protection data	<p>This audit assessed if the Department of Families, Fairness and Housing has adequate controls to ensure that data in its Client Relationship Information System is reliable.</p> <p>https://www.audit.vic.gov.au/report/quality-child-protection-data</p>	21 September 2022	Elsie Alcordo
Follow-up of Maintaining the Mental Health of Child Protection Practitioners	<p>This limited assurance review assessed if the Department of Families, Fairness and Housing effectively responded to the recommendations from our 2018 audit Maintaining the Mental Health of Child Protection Practitioners.</p> <p>https://www.audit.vic.gov.au/report/follow-maintaining-mental-health-child-protection-practitioners</p>	21 September 2022	Dallas Mischkulnig
Quality of major transport infrastructure project business cases	<p>This audit assessed if business cases for major transport infrastructure projects support informed investment decisions.</p> <p>https://www.audit.vic.gov.au/report/quality-major-transport-infrastructure-project-business-cases</p>	21 September 2022	Ben Hasker
The effectiveness of Victoria Police's Staff Allocation	<p>This audit determined if Victoria Police understands its staffing needs and use this to make resource allocation decisions that are aligned to its strategic objectives.</p> <p>https://www.audit.vic.gov.au/report/effectiveness-victoria-polices-staff-allocation</p>	1 September 2022	Vicky Delgos
Follow-up of Protecting Victoria's Coastal Assets	<p>We examined whether the actions taken by DELWP since our 2018 audit, Protecting Victoria's Coastal Assets, are assisting asset managers to better manage and protect natural and built assets along Victoria's coastline.</p> <p>https://www.audit.vic.gov.au/report/follow-protecting-victorias-coastal-assets?section=</p>	31 August 2022	Dallas Mischkulnig
Results of 2021 Audits: Technical and Further Education Institutes	<p>This report provides Parliament and the community with information about matters arising from our 2021 financial audit of the technical and further education institutes and their controlled entities.</p> <p>Please refer to the following link for further details.</p> <p>https://www.audit.vic.gov.au/report/results-2021-audits-technical-and-further-education-institutes</p>	8 July 2022	Charlotte Jeffries

OFFICIAL

Title	Comment	Tabling date	VAGO Director
Results of 2021 Audits: Universities	<p>This report provides Parliament and the community with information about matters arising from our 2021 financial audit of the universities and their controlled entities.</p> <p>Please refer to the following link for further details.</p> <p>https://www.audit.vic.gov.au/report/results-2021-audits-universities</p>	8 July 2022	Charlotte Jeffries
Responses to performance audit recommendations <i>Limited assurance review</i>	<p>This audit examined whether public sector agencies implement our performance audit recommendations and respond to them in a timely way.</p> <p>Please refer to the following link for further details.</p> <p>https://www.audit.vic.gov.au/sites/default/files/2022-06/20220629-Responses-to-recommendations_0.pdf</p>	29 June 2022	Ryan Green
Melbourne metro tunnel project phase 2: Main works	<p>The audit looked at the progress of the tunnels and stations main works against the scope, time, cost and quality targets in the amended December 2020 contract.</p> <p>Please refer to the following link for further details.</p> <p>https://www.audit.vic.gov.au/report/Melbourne-metro-tunnel-project-phase-2-main-works</p>	22 June 2022	Ben Hasker
Kinship care	<p>We examined DFFH and 3 other kinship care service providers—Anglicare Victoria, Uniting Vic.Tas, and the Victorian Aboriginal Child Care Agency. We assessed if the new kinship care model helps identify kinship networks in a timely manner for children and young people at risk and provides them with stable and quality placements.</p> <p>Please refer to the following link for further details.</p> <p>https://www.audit.vic.gov.au/report/kinship-care</p>	22 June 2022	Elsie Alcordo
Managing body-worn cameras	<p>The audit examined how Victoria Police uses and governs body-worn cameras (BWC), including how it uses and protects the recordings.</p> <p>https://www.audit.vic.gov.au/report/managing-body-worn-cameras</p>	8 June 2022	Vicky Delgos

OFFICIAL

Title	Comment	Tabling date	VAGO Director
<p>Fraud control over local government grants</p>	<p>The audit looked at a selection of grant programs from the last 5 years at six Councils to see if Council fraud controls are well-designed and consistently applied. The six in-scope Councils were Hume City Council, Knox City Council, Loddon Shire Council, Southern Grampians Shire Council, Warrnambool City Council and West Wimmera Shire Council.</p> <p>The report contains 9 recommendations for all Victorian councils.</p> <p>https://www.audit.vic.gov.au/report/fraud-control-over-local-government-grants</p>	<p>11 May 2022</p>	<p>Jenny Koong</p>
<p>Offsetting native vegetation loss on private land</p>	<p>The audit looked at the way DELWP, 4 councils (Baw Shire Council, Campaspe Shire Council, Nillumbik Shire Council and Yarra Ranges Shire Council) and the Trust for Nature manage native vegetation clearing on private land.</p> <p>Please refer to the following link for further details.</p> <p>https://www.audit.vic.gov.au/report/offsetting-native-vegetation-loss-private-land</p>	<p>11 May 2022</p>	<p>Elsie Alcordo</p>

Other Victorian Integrity and Local Government related bodies

Independent Broad-based Anti-corruption Commission

Topic	Overview	Status	Completion Date
Operation Watts Link	<p>Operation Watts was the first ever joint investigation conducted by IBAC and the Victorian Ombudsman.</p> <p>The investigation examined a range of matters including allegations of misuse of electorate offices, ministerial office staff and resources for branch stacking and other party-related activities.</p> <p>Key findings included: the hiring of unqualified people into publicly funded roles; using those roles to support factional work; nepotism; forging signatures; bullying behaviours; and attempts to interfere with government grants.</p>	Completed	20 July 2022
Operation Sandon Link	<p>IBAC held public hearings during 2019 and 2020 into allegations of serious corrupt conduct in relation to planning and property development decisions at the City of Casey council.</p>	In Progress	To be advised

Local Government reports *(Reports finalised within the previous 6 months)*

Topic	Overview	Status	Completion Date
Local Government Inspectorate			
Nil			
Victorian Ombudsman			
Ombudsman's recommendations – fourth report Link	This report examined how public bodies respond to the Ombudsman's recommendations. This report also covered Ombudsman's investigations tabled in Parliament between May 2020 and December 2021.	Completed	28 September 2022
Investigation into a former youth worker's unauthorised access to private information about children Link	This report examined the circumstances surrounding a former youth worker's unauthorised access to Victorian Government information about children and young people, and discussed Victoria's Working with Children Check scheme, including proposed amendments to the Worker Screening Act 2020 (Vic).	Completed	14 September 2022
Investigation of a matter referred from the Legislative Council on 9 February 2022 Part 1 Link	This report examined matters referred to the Ombudsman Deborah Glass by the Legislative Council in February 2022, specifically in relation to the 'Red Shirts' scheme which operated prior to the 2014 State election and allegations of branch stacking.	Completed	28 July 2022
Investigation into complaint handling in the Victorian social housing sector Link	This report investigated the way in which Department of Families, Fairness and Housing handled complaints in the Victorian social housing sector due to a steady increase in complaints made about public and community and community housing over the years.	Completed	7 July 2022
Investigation into Environment Protection Authority decisions on West Gate Tunnel Project spoil disposal Link	The report investigated the Environment Protection Authority's decisions to approve sites to receive spoil from the West Gate Tunnel Project following community concerns and complaints made about the spoil generated from tunnel boring machines.	Completed	31 May 2022

Active governance matters

Topic	Councils and timeline	Details
Municipal Monitors Link	Active <ul style="list-style-type: none"> • South Gippsland Shire Council (Link) • Darebin City Council (Link) • Moira Shire Council (Link) • Wodonga City Council (Link) • Horsham Rural City Council (Link) Completed <ul style="list-style-type: none"> • Strathbogie Shire Council (Link) • Yarra City Council (Link) 	Period of 12 months, commenced on 8 November 2021 Period of 9 months, commenced on 22 April 2022 Period of 9 months, commenced on 22 April 2022 Period of 9 months, commenced on 22 April 2022 Period of 6 months, commenced on 22 July 2022 Initially appointed 14 September 2021. The Monitor's report was released in March 2022. Reappointed for a further 6 months from 15 March 2022. The Monitor released reports in June 2022 and September 2022.
Long-term Government appointed administrators Link	<ul style="list-style-type: none"> • Casey City Council (Link) • Whittlesea City Council (Link) 	20 May 2020 to October 2024 19 June 2020 to October 2024

Other Australian audit offices

Planned performance audits or results of audit reports relating to the local government sector

Overview	Proposed tabling	Agencies
Australian National Audit Office		
<p>Audit: Administration of the Disaster Recovery Funding Arrangements</p> <p>Objective: This audit is to assess the effectiveness of the National Recovery and Resilience Agency's (the agency) administration of the Disaster Recovery Funding Arrangements (DRFA).</p> <p>Link</p>	2022-23	National Recovery and Resilience Agency
New South Wales		
<p>Audit: State Finances 2022</p> <p>Objective: This audit will focus on the State's 2021–22 consolidated financial statements. It will comment on the key matters that have been the focus of our audit and highlight significant factors that have contributed to the State's financial results.</p> <p>Link</p>	2022-23	State Public Service entities
<p>Audit: Local Government 2022</p> <p>Objective: This audit will analyse the results of the 2021–22 financial statement audits of the Local Government cluster and comment on the quality and timeliness of financial statements, key accounting issues, and high-risk observations from our audits.</p> <p>Link</p>	2022-23	Selected local councils
<p>Audit: Cyber security in local government</p> <p>Objective: This audit will consider how well selected councils ensure they have effective cyber security measures in place.</p> <p>Link</p>	2022-23	Selected local councils

Overview	Proposed tabling	Agencies
<p>Audit: Regulation and monitoring of local government</p> <p>Objective: This audit will assess whether DPE (OLG) is effectively monitoring and regulating the NSW local government sector under the Local Government Act 1993.</p> <p>Link</p>	2022-23	Selected local councils
<p>Audit: Financial management and governance in local councils: MidCoast Council</p> <p>Objective: This audit will consider one or more councils and examine how these principles are effectively applied in the councils' financial and asset management, funding decisions and risk management practices, and may examine how councils' expenditure and investment decisions have complied with the Act.</p> <p>Link</p>	2021-22	Selected local councils
<p>Audit: Development applications: assessment and determination stages</p> <p>Objective: This audit will assess whether selected councils are effectively assessing and determining Das and whether selected councils and DPE effectively support independent planning panels to determine Das in compliance with relevant legislation, regulations and government guidance.</p> <p>Link</p>	2021-22	Selected local councils
Queensland		
<p>Audit: Managing ecotourism in Queensland</p> <p>Objective: This audit will assess whether the state's tourism and environmental entities are effectively developing sustainable ecotourism in Queensland. This will include examining ecotourism in one or more of the World Heritage Sites as case studies.</p> <p>Link</p>	2022-23	Department of Environment and Science Department of Tourism, Innovation and Sport Tourism and Events Queensland Local councils

Overview	Proposed tabling	Agencies
<p>Audit: Planning for Queensland's long-term infrastructure investment</p> <p>Objective: This audit will assess how efficiently and effectively the government undertakes planning to inform infrastructure investments.</p> <p>Link</p>	2022-23	<p>Department of State Development, Infrastructure, Local Government and Planning</p> <p>Selected public sector entities</p> <p>Selected local councils</p>
<p>Audit: Managing invasive species</p> <p>Objective: This audit will examine how effectively state government entities are managing invasive species.</p> <p>Link</p>	2022-23	<p>Department of Agriculture and Fisheries</p> <p>Department of Environment and Science</p> <p>Selection of local councils</p>
<p>Audit: Improving asset management in local government</p> <p>Objective: This audit will examine whether councils are effectively managing their infrastructure assets to maximise service potential, while minimising the total cost of owning these assets.</p> <p>Link</p>	2022-23	<p>Department of State Development, Infrastructure, Local Government and Planning</p> <p>Local councils</p>
<p>Audit: Local government 2022</p> <p>Objective: This audit will summarise the results of QAO's financial audits of the Queensland councils and the related entities they control that produced financial statements as at 30 June.</p> <p>Link</p>	2022-23	All Local councils

Overview	Proposed tabling	Agencies
<p>Audit: Major projects 2022</p> <p>Objective: This audit will summarise the QAO's financial and performance insights on major projects 2022 and provide the status of major infrastructure projects of the state and local governments.</p> <p>Link</p>	2022-23	All Local councils
Tasmania		
<p>Audit: Strategic procurement in local government</p> <p>Objective: This audit will assess examine how local government councils derive value out of its procurement that benefits the council, the supplier and the community. It will assess whether councils:</p> <ul style="list-style-type: none"> → Have a strategic approach to procurement which aligns with the strategic goals and objectives of council → Are choosing the best procurement approach, including how suppliers are engaged and compliance with tendering and quotation requirements → Periodically review procurement processes → Derive and measure value from procurement. <p>Link</p>	November 2022	A selection of local councils
<p>Audit: Private works undertaken by councils</p> <p>Objective: This audit will assess the effectiveness of council processes relating to private works undertaken. It will examine whether:</p> <ul style="list-style-type: none"> → Councils have a private works policy setting out the circumstances under which such works may be undertaken → Decisions to undertaken private works are transparent, equitable and consistent → Selected councils' approaches to costing private works are accurate and comprehensive → Administrative arrangements for managing approved private works are effective. <p>Link</p>	2022-23	A selection of local councils

Overview	Proposed tabling	Agencies
<p>Audit: Management of landfill</p> <p>Objective: This audit will examine whether councils and local government joint authorities effectively manage active and closed landfill sites, including regulatory compliance and financial, social and environmental management.</p> <p>Link</p>	2023-24	<p>A selection of local councils</p> <p>Local government authorities</p> <p>Environmental Protection Authority</p>
Western Australia		
<p>Audit: Funding for volunteer emergency and fire services (Joint)</p> <p>Objective: This audit is to assess if DFES and local government entities effectively administer funding for their volunteer emergency and fire services.</p> <p>Link</p>	Third quarter 2022	<p>Department of Fire and Emergency Services (DFES)</p> <p>Local government entities.</p>
<p>Audit: Local government infrastructure contributions (Local)</p> <p>Objective: This audit is to assess whether LG entities effectively manage infrastructure contributions to meet the needs of their communities.</p> <p>Link</p>	First quarter of 2023	Local government entities

Reports tabled in the last six months of potential interest

Overview	Tabling date	Agencies
Australian National Audit Office		
<p>Audit: Management of Staff Leave in the Australian Public Service</p> <p>Objective: This audit assessed the compliance by selected Australian Public Service entities with legislation and other relevant requirements relating to staff leave</p> <p>Link</p>	30 June 2022	Australian Public Service entities
<p>Audit: Operation of Grants Hubs</p> <p>Objective: This audit assessed the design and implementation of the Streamlining Government Grants Administration (SGGA) Program in improving the effective and efficient delivery of grants administration.</p> <p><i>*This report will not include Local Councils, but its contents may directly apply to areas concerning Local Government operations.</i></p> <p>Link</p>	31 March 2022	Department of Finance Department of Industry, Science, Energy and Resources Department of Social Services
New South Wales		
<p>Audit: Performance audit insights: Key findings from 2018–2021</p> <p>Objective: This report analysed the key findings and recommendations from performance audits tabled in the NSW Parliament between July 2018 and June 2021, spanning varied areas of government activity. The report presented common findings and lessons from the past three years of performance audits with particular focus on issues relating to the integrity and transparency of decision making and processes, as well as the fundamentals of good governance such as probity controls and record keeping.</p> <p>Link</p>	30 June 2022	All NSW Government Departments and Public Service Agencies audited between 2018 and 2021.

Overview	Tabling date	Agencies
<p>Audit: Local Government 2021</p> <p>Objective: This report details findings and recommendations from NSWAO 2020–21 financial audits of local councils and comments on financial reporting and performance, internal controls and governance, and areas of interest that were in focus during the conduct of our audits.</p> <p>Link</p>	22 June 2022	All local councils
<p>Audit: NSW planning portal</p> <p>Objective: This audit assessed the effectiveness of the Department of Planning and Environment’s implementation, governance and stakeholder engagement in delivering the NSW planning portal.</p> <p>Link</p>	21 June 2022	Department of Planning and Environment All local councils State agencies
<p>Audit: Facilitating and administering Aboriginal land claim processes</p> <p>Objective: This audit examined whether relevant agencies are effectively facilitating and administering Aboriginal land claim processes.</p> <p>Link</p>	28 April 2022	Department of Premier and Cabinet (DPC) Department of Planning and Environment (DPE) NSW Aboriginal Land Council (NSWALC).
<p>Audit: Building regulation: combustible external cladding</p> <p>Objective: This audit assessed how effectively the Department of Customer Service (DCS) and Department of Planning and Environment (DPE) led reforms addressing the unsafe use of combustible external cladding on existing residential and public buildings.</p> <p>Nine local councils as they have responsibilities and powers needed to implement the NSW Government’s reforms.</p> <p>Link</p>	13 April 2022	Department of Premier and Cabinet (DPC) Department of Planning and Environment (DPE) 9 local councils

Overview	Tabling date	Agencies
Queensland		
<p>Audit: Local government 2021</p> <p>Objective: This audit summarises the results of QAO's financial audits of the Queensland councils and the related entities they control that produced financial statements as at 30 June.</p> <p>Link</p>	11 May 2022	All local councils
South Australia		
<p>Audit: Management of Kerbside Waste Services</p> <p>Objective: This audit assessed assess whether the Councils have effectively managed their kerbside waste services to work towards achieving their targets and the targets set by the SA Government for diverting waste from landfill.</p> <p>Link</p>	17 August 2022	Corporation of the City of Norwood, Payneham and St Peters (NPSP Council) City of West Torrens (West Torrens Council)
Tasmania		
Nil		
Western Australia		
<p>Audit: Annual Report 2021-22</p> <p>Objective: This report describes OAG's performance and the services OAG delivered during the year to inform Parliament on public sector accountability and performance.</p> <p>Link</p>	27 September 2022	State Government Entities 148 WA local government entities

Overview	Tabling date	Agencies
<p>Audit: Financial Audit Results – Local Government 2020-21</p> <p>Objective: The 2020-21 financial year marked the final year of our 4-year transition to assuming responsibility for the annual financial audit of all 148 WA local government entities. This report summarises the results of our 2020-21 financial audit cycle.</p> <p>Link</p>	17 August 2022	148 WA local government entities
<p>Audit: Information Systems Audit Report 2022 – Local Government Entities</p> <p>Objective: The objective of our general computer controls (GCCs) audits is to determine whether computer controls effectively support the confidentiality, integrity and availability of information systems across a sample of WA local government entities. This report summarised the GCC audit findings reported to 45 entities for 2020-21.</p> <p>Link</p>	28 June 2022	45 local government entities
<p>Audit Results Report – Annual 2020-21 Financial Audits of State Government Entities Part 2: COVID-19 Impacts</p> <p>Our COVID-19 audit findings and observations are reported, for selected entities, under the headings:</p> <ul style="list-style-type: none"> • impact on the community and disruption of services • entities' expenses for directly managing the impact of COVID-19 • stimulus funding distributed or initiatives administered by entities • hotel quarantine. <p>Link</p>	9 May 2022	State government entities

Fraud Prevention Policy

Council Policy

December 2022




Northern Grampians Shire Council
LIVE | WORK | INVEST | VISIT

CONTACT US

-  ngshire@ngshire.vic.gov.au
-  www.ngshire.vic.gov.au
-  (03) 5358 8700
-  PO Box 580 Stawell VIC 3380

CONNECT WITH US

-  facebook.com/ngshire
-  [@ngshire](https://twitter.com/ngshire)
-  [@northerngrampiansshire](https://www.instagram.com/northerngrampiansshire)
-  #ngshire #liveworkinvestvisit #wandervictoria

FRAUD PREVENTION POLICY



Council Policy

Responsible director:	Director Corporate and Community Services
Responsible officer:	Manager Financial Services
Functional area:	Financial Services
Date adopted by Council:	June 2017
Review date:	June 2025

Purpose

The purpose of this policy is to demonstrate Council's commitment to the prevention, detection and investigation of any fraudulent activity. The policy provides a framework for both the responsible and effective protection of public money and assets and protection of the integrity, security and reputation of the Council, its management and employees and the services it provides to the community.

This policy summarises the responsibilities and expected behaviours of Councillors, employees, contractors, volunteers and all other associated external parties of the Northern Grampians Shire Council in relation to fraud prevention.

Background

Council is the custodian of significant public funds and assets therefore it is important that all stakeholders have assurance that these are adequately protected from fraud. Whilst trust is an essential component of Northern Grampians Shire Council, this is not sufficient as fraud does happen and often where it is least expected.

Fraud is characterised by dishonest conduct or misuse of position or authority in order to obtain unjust advantage, the theft of funds, assets or information, or the unauthorised use of Council assets for personal gain. Most acts of fraud are criminal offences. Persons inside or outside the organisation, or both, can perpetrate fraud.

Fraud could have a significant impact on Council and the community, potentially reducing the quality of services delivered and adversely affecting Council's ability to achieve its objectives as set out in the Council Plan. In addition, Council's financial sustainability may be threatened and reputation damaged.

Scope

The policy commits all stakeholders to protect public monies and assets from fraud. Fraud and corruption control is a shared responsibility of all Council representatives, regardless of their employment status.

This policy applies to all Council business activities.

Policy Objective

Council is committed to protecting its revenue, expenditure, employees, property and intellectual capital from any attempt, either by members of the public, contractors, sub-contractors, agents, intermediaries or its own employees or elected representatives to gain by deceit, any financial or other benefits.

Council is committed to developing and maintaining an organisational culture which supports and requires the highest standards of moral and ethical behaviour from its employees. At all times, all employees must act with integrity and must not engage in fraudulent activity of any kind, including fraudulent activities which may benefit Council.

Policy

Northern Grampians Shire Council takes a zero-tolerance approach to fraud and corruption.

Council representatives must act at all times in accordance with the relevant Code of Conduct that applies to their role.

All Council representatives have a responsibility to be constantly vigilant and to report in confidence any suspected fraud or corruption to either their manager, the Chief Executive Officer or Director Corporate and Community Services. All suspected instances of fraud or corrupt conduct will be investigated.

Prevention

Fraud and corruption are significant risks that can harm Council's operations, as well as its reputation and trust with residents and businesses. Council is committed to managing these risks and will meet its commitment to fraud protection by:

- establishing and maintaining effective internal control systems and enforcing compliance with controls
- providing appropriate training to all employees to ensure awareness of responsibilities and expectations
- appropriately resourcing the Audit and Risk Committee, including the internal audit program, the Risk Committee and other fraud minimisation measures
- identifying business processes that are potentially at risk of exposure to fraud and corrupt conduct taking appropriate action to investigate reports of suspected fraud or corruption
- instigating disciplinary procedures in respect of any employee involved in fraudulent activities (as per Council's Disciplinary Action Policy)
- taking court action to recover losses incurred by Council where appropriate

Notifications

Persons, including staff, who wish to disclose allegations of fraud and/or improper conduct may do so by either:

- Internal notification – Chief Executive Officer in the first instance who will determine the resource requirements for the purposes of conducting an investigation. An investigation may be conducted by a nominated officer of the Council or a suitably qualified external advisor.
- External notification – Disclosures may be made directly to the Independent Broad-based Anti-corruption Commission (IBAC) particularly regarding improper conduct and fraud related activities in relation to the activities of Council. Disclosures to IBAC are protected pursuant to the *Public Interest Disclosures Act 2012*.

IBAC Mandatory Notifications

The *IBAC Act 2011* requires principal officers (Chief Executive Officer) of a public sector body to notify IBAC on reasonable grounds of any matter they suspect is occurring or has occurred that constitutes corrupt conduct. The threshold for notification to IBAC requires the conduct to be:

1. Corrupt conduct as defined in section 4 of the IBAC Act; and
2. Be an indictable offence or a prescribed common law offence committed in Victoria; and
3. Lead a reasonable person to suspect that corrupt conduct has occurred or is occurring (reasonable suspicion).

Investigation of Allegations

Where an allegation or internal disclosure is received by the Chief Executive Officer as 'principal officer' the following procedures shall apply:

1. Allegation received or 'principal officer' (CEO) suspicion:
2. Determine if allegation satisfies IBAC mandatory reporting requirements:
 - a. If yes, report to IBAC and await outcome;
 - b. If no, proceed to step 3;
3. CEO determines if formal investigation required:
 - a. If no, refer to Director Corporate and Community Services or Manager People and Culture for process improvement if appropriate;
 - b. If yes, CEO determines resources (internal or external) to complete investigation then proceed to step 4;
4. Director Corporate and Community Services or Manager People and Culture to coordinate investigation;
5. Update Councillors and Audit and Risk Committee;
6. Report findings and actions to be reported to CEO, Councillors and Audit and Risk Committee.

Protection – Public Interest Disclosures Act 2012

Council has established processes under the Public Interest Disclosures Act 2012, for reporting any allegations of suspected fraud or corruption with utmost confidentiality. The Public Interest Disclosures Coordinator and Public Interest Disclosures Officer have a statutory obligation to assess disclosures and protect people making disclosures in line with the Act.

Council is committed to protecting the welfare of those who have brought to attention possible fraud or corruption. In the event of an investigation, informants as well as those under investigation will be protected against possible victimisation and discrimination. If appropriate, a welfare manager will be appointed.

All reports of suspected fraud and corruption will be treated in strict confidence. All relevant parties will be kept apprised of the outcome of any investigations or deliberations of management.

Legislation & Standards

Northern Grampians Shire Council Plan 2021-25 – Improve organisational effectiveness
Local Government Act 2020

Public Interest Disclosure Act 2012

ISO 31000:2018 Risk management—Principles and guidelines

ISO 8001:2021 Fraud and Corruption Control

Responsibilities

The Manager Financial Services is responsible for the review and management of this policy, however for fraud prevention controls to be effective the responsibility for ownership of the policy must not be one employee or group of employees, but must include all levels of management and employees.

Council Responsibility:

Council is responsible for the good governance of the municipality and for the protection of public money and assets, and Council's reputation. It is responsible for setting the highest standards of honesty and integrity in the provision of services to the community and the management of the organisation.

Council will ensure that Management has appropriate resources and measures in place to detect and prevent fraud and or corruption.

Chief Executive Officer Responsibility:

The Chief Executive Officer is responsible for setting the highest standards of honesty and integrity in the provision of services to the community and must:

- oversee the coordination, implementation, monitoring, review and communication of Council's fraud prevention policy and associated strategies and procedures
- develop an organisational culture which supports and requires the highest standards of moral and ethical behaviour from its employees
- ensure all employees are aware of their responsibilities in relation to fraud and corruption through the provision of appropriate training
- determine the appropriate action for suspected fraud or corruption investigations
- attend Audit and Risk Committee meetings

Management Responsibility:

Management is responsible for setting the highest standards of honesty and integrity in the provision of services to the community and must:

- coordinate, implement, monitor, review and communicate Council's fraud prevention policy and associated strategies and procedures
- identify fraud risks that may occur within their area of responsibility and exercise due diligence and control to prevent potential fraudulent activity
- be alert to any irregularities or indicators and report suspected fraud
- set an example and advise employees of the acceptability or otherwise of any particular conduct that may compromise this policy

Employee Responsibility:

Employees are responsible for acting with honesty and integrity in all council activities and must:

- not use their position with the council to gain personal advantage or to confer undue advantage, or disadvantage, on any other person or entity
- safeguard Council assets against theft, waste or improper use
- understand what behaviour constitutes fraud and / or corruption
- familiarise themselves with and adhere to Council's policies and procedures
- be vigilant and report any suspected fraud to their manager, Chief Executive Officer or Director Corporate and Community Services

Audit Responsibility:

Audits have an important advisory role in assisting Council to achieve good control and review processes over all Council activities, and can aid fraud prevention.

Audits will be undertaken as determined by the Audit and Risk Committee and will be performed by suitably qualified people from relevant fields of expertise.

Audits conducted by the Victorian Auditor General's Office give an opinion on whether the financial statements are fairly stated and consider whether Council resources have been wasted or if there has been a lack of probity or financial prudence in the management or application of public resources.

Stakeholders

The stakeholders directly affected by the policy and responsible for implementation and compliance monitoring are the Mayor, Councillors, Chief Executive Officer, all management and staff members, volunteers, contractors, the community and State and Federal Governments.

Review

This policy and related procedures will be reviewed every three years, unless changed circumstances require earlier review.

Communication and implementation

The policy will be communicated to all stakeholders through the Northern Grampians Shire Council's EDRMS and made available via the Council's website, GoverniNG and Councillor Portal sites. The policy will also be referred to in Councillor, staff, volunteer and contractor inductions and/or training and refresher sessions.

References

Fraud Control Plan
Fraud Awareness (induction checklist)
Fraud Management (induction checklist)
Risk Management Strategy
Fraud Risk Register (developed as part of the organisational risk register)
Employee Code of Conduct
Councillor Code of Conduct
Public Interest Disclosures Procedures
Audit and Risk Committee Charter and Audit and Risk Committee Guidelines
Procurement Policy and Procurement Guidelines
Recruitment Procedure

Compliance

This policy requires relevant State Government legislative compliance with:

- Local Government Act 2020*
- Privacy and Data Protection Act 2014*
- Freedom of Information Act 1982*
- Public Records Act 1973*

Privacy and Data Protection compliance

All Council policies must consider the *Privacy and Data Protection Act 2014* and the *Victorian Protective Data Security (VPDSS) Framework* which adopts a risk-based approach to protective data security. Governance arrangements are in place to protect security to minimise the risk of fraud across the domains of information, personnel, ICT and physical.

Gender Equality compliance

Council has determined that gender equality principles, opportunities, responsibilities and outcomes and the promotion of gender equality are not relevant to this policy and associated programs.

Charter of Human Rights compliance

It is considered that this policy does not impact on any human rights identified in the Charter of Human Rights & Responsibilities Act 2006.

Definitions

For the purpose of this policy, 'employee' includes Councillors, Council employees (including full-time; part-time temporary and casual), Contractors, Volunteers or the employees of any body providing services on the Council's behalf.

Review history

Date	Review details	Action
30 June 2017	No updates to Policy	Sent to Councillor Bulletin
14 December 2022	Updated	Tabled at Audit & Risk Committee