



Minutes

Audit and Risk Committee Meeting held at 9.00 AM on Wednesday 3 March 2021, online via Microsoft Teams.

1 Present

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

Ms Liana Thompson, Chief Executive Officer
Mr Vaughan Williams, Director Corporate Services
Mr Malcolm Lewis, Acting Manager Financial Services
Ms Marita Tobin, Head of Early Years (Item 6.1)
Mr Phil Delahunty, RSD Auditors (Item 8.1)
Ms Blessing Mendoza, RSD Auditors (Item 8.1)

2 Apologies

Nil

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

Nil

4 Confirmation of Minutes from the Previous Meeting

Confirmation of draft minutes from the Northern Grampians Shire Council Audit Committee meeting held, Wednesday, 2 December 2020.

Moved: Mr Tony Roberts

Seconded: Ms Lyn Jensz

Carried

5 Matters Arising from the Minutes

Item deferred – Final VAGO Local Road Maintenance Efficiency Audit - early draft received and final report due 21 Mar.

Item deferred to June 2021 Audit and Risk Committee Meeting.

No other matters arising.

6 General Business

6.1 Immunisation Review

Ms Marita Tobin will provide details on the Immunisation Report and Service Review.

Outcome

Ms Marita Tobin briefed the meeting and presented the Report on an Investigation of a Vaccination Incident and Service Review.

The subject matter relates to an incorrect vaccination provided to an infant during an Immunisation session. The meeting discussed the following key issues:

- The matter is currently with the Health Complaints Commissioner (HCC) and awaiting an outcome.
- The parent of the child requested a letter of apology (now actioned) however, to date, there is no claim for compensation.
- An independent review and investigation was completed by Public Health Planning.
- Management have reviewed and updated procedures plus instigated remedial actions as a result of the incident and report findings.
- The matter will also be assessed in the context of Council's risk register and risk framework.

Resolution – that the Report on an Investigation of a Vaccination Incident and Service Review be received.

Moved: Ms Lyn Jensz

Seconded: Cr Kevin Erwin

Carried

Attachments

1. Report on a Vaccination Incident and Immunisation Service NGSC (9 Nov 2020) [6.1.1 - 13 pages]

Note: Attachment has been intentionally removed due to containing personal information.

7 Risk Management

7.1 Risk Committee Minutes

Mr Vaughan Williams briefed the meeting on the contents of the Risk Committee Minutes dated 4 February 2021:

- There were no identified high-risk incidents during January 2021.
- Confined spaces were identified as high-risk areas for future review.
- The Risk Register identified 26 overdue risks with all risks linked to CAMMS engage at Director and Manager level.
- CAMMS will provide a list of all risks including overdue risks for review. Strategic risks are scheduled to be available for Audit and Risk Committee members during April 2021.
- Gender equity is a key issue with legislative impacts and will require a workplan for future implementation.

Attachments

1. 20210204 Risk Committee Minutes [7.1.1 - 7 pages]



Risk Committee Minutes

Date: 4 February, 2021

Attendees: Vaughan Williams - Director Corporate Services
 Trenton Fithall - Director Infrastructure
 Daryl Clifton - Manager People & Culture
 Mary Scully - Manager Governance & Civic Support
 Malcolm Lewis - Manager Financial Services
 Kylie Allen - Risk & Lease Management Officer

Apologies Liana Thompson – CEO
 Naomi Goode - Director Communities








		Item	Description	Outcomes
1	Previous Minutes action update (ALL)			
2	Policies and procedures development	Arts & Culture Policy 2020-24	Provides the framework for how Council will support and promote arts and culture activities and initiatives – addresses risk of loss of public arts & cultural assets	Adopted 7/12/2020 – add to risk register (KA)










3	Risk management plans for major projects or undertakings	Refer CAMMS Project – 5 risks added however are incomplete and most do not address project risk	Risks added to projects must address project management risks rather than operational risks or hazards to prevent duplication. Kylie currently checking ability to link project to existing operational risks if necessary. Project risk categories should include: 1. Scope risks - impact on project objectives, deliverables etc. 2. Cost risks - impact on budget, funding etc. 3. Time risks - impact on set timeframes, workloads etc. 4. Technology risks - impact on capacity, security, continuity, compatibility etc. 5. Resource risks - impact on timeframes, team culture, stress, workforce, technology availability etc. 6. Communication risks - impact on end users, project teams, contractors, government agencies etc. 7. Procurement risks - impacts with available resources, timeframes, supply etc. 8. Miscellaneous risks - impacts from external events such as natural disasters, legal issues etc.	Refer Add to Risk Register Promapp or Kylie is available for guidance
4	Internal and external audit plans/reports		Personal Interest Returns – not available yet Road Maintenance Audit – with VAGO, to go to parliament (March)	
5	High risk issues/incidents	OHS – Nil to report as per January minutes		
6	Audit Committee	Agenda items/feedback (VW)	Elevate known high risks for review (Engage dashboard)	Confined Space BCP – third party review

				Training & Competencies delivery & tracking
7	Risk Register	Risk register review status	Currently have 26 overdue risk review – see attachment A All risks have been linked to CAMMS Engage at Director & Manager level	Responsible managers emailed 1/2/21
8	Risk culture/training			
9	Legislative Updates	Gender Equity Act 2020	Enacted on 25 February 2020 and commences in March 2021	
10	Victorian Protective Data Security Framework (VPDSF)	Implementation, compliance to standards (MS)	ICT controls identified for information assets	
11	Governance schedule	Progress against governance schedule milestones (MS)	On track. Councillors CoC adopted 1/2/21. Community Engagement Policy 1/3/21 Gift Policy upcoming, Councillor allowances	
12	Finance	LG sector update from VAGO- January 2021 (ML)	See attachment B	Add to the Audit Committee agenda
13	Other			

Attachment A

Risk Code	Risk Title	Business Unit Manager	Last Reviewed Date	Next Review Date	Initial Risk Assessment	Residual Risk Assessment	Target Risk Assessment
OR181	Risk of noise complaints to SSAC tenant and external residents. Risk of hearing damage to employees and patrons due to excessive noise.	Zander McDougall - MANAGER ACTIVE COMMUNITIES	18 Jan, 2019	13 Oct, 2020	 Medium	 Low	
OR182	Risk of employees and patrons contracting a communicable disease due to lack of hygiene at SSAC	Zander McDougall - MANAGER ACTIVE COMMUNITIES	18 Jan, 2019	13 Oct, 2020	 High	 Low	
OR198	Plant & equipment breakdown	John Hunt - MANAGER OPERATIONS	31 Jan, 2020	31 Jan, 2021	 High	 Medium	 Medium
OR207	Competing priorities to achieve capital vs maintenance budget and projects, emergency events	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	 Medium	 Medium	
OR208	Council staff & resources use in an emergency (flood, fire, landslide)	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	 High	 Medium	
OR210	Works waste being sent to landfill.	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	 Medium	 Low	
OR221	Reserves and open public spaces	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	 High	 Medium	
OR223	Extreme Weather event	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	 High	 High	
OR224	Works on public land that may have cultural heritage sensitivity	John Hunt - MANAGER OPERATIONS	23 Jan, 2019	13 Oct, 2020	 High	 Medium	
OR226	Environmental extremes such as drought, heat wave, flood	John Hunt - MANAGER OPERATIONS	18 Jan, 2019	13 Oct, 2020	 High	 High	

OR255	Lack of events management	Zander McDougall - MANAGER ACTIVE COMMUNITIES	18 Jan, 2019	13 Oct, 2020	 High	 Low
OR256	Council may be found liable for obliging/recommending event organisers contact unspecified professionals via event document	Zander McDougall - MANAGER ACTIVE COMMUNITIES	18 Jan, 2019	13 Oct, 2020	 Medium	 High
OR257	Inadequate major events inspection program	Zander McDougall - MANAGER ACTIVE COMMUNITIES	18 Jan, 2019	13 Oct, 2020	 Medium	 Low
OR258	Liability for loss/damage due to incidents at Council run and third party events on Council land	Zander McDougall - MANAGER ACTIVE COMMUNITIES	18 Jan, 2019	13 Oct, 2020	 Medium	 Low
OR259	Liability for loss/damage due to event venue stakeholders, eg special committees, seasonal users, neighbouring residents/businesses	Zander McDougall - MANAGER ACTIVE COMMUNITIES	18 Jan, 2019	13 Oct, 2020	 Medium	 Low
OR260	Lack of event written agreements	Zander McDougall - MANAGER ACTIVE COMMUNITIES	18 Jan, 2019	13 Oct, 2020	 Medium	 Low
OR261	Lack of adequate traffic management for events	Zander McDougall - MANAGER ACTIVE COMMUNITIES	18 Jan, 2019	13 Oct, 2020	 High	 Low
OR262	Managing complexity of requirements & risks for community run events	Zander McDougall - MANAGER ACTIVE COMMUNITIES	18 Jan, 2019	13 Oct, 2020	 High	 High
OR297	Provision of public safety for patrons using SSAC	Zander McDougall - MANAGER ACTIVE COMMUNITIES		13 Oct, 2020	 High	 Medium
OR298	Developer bases planning development on incorrect information/planning approvals/wrong zoning advice	Sarah Peachey - MANAGER REGULATORY SERVICES		13 Oct, 2020	 High	 Low
OR299	Planning approval backlog	Sarah Peachey - MANAGER REGULATORY SERVICES		13 Oct, 2020	 High	 Medium

OR300	Non compliance with statutory timeframes	Sarah Peachey - MANAGER REGULATORY SERVICES	13 Oct, 2020	 High	 Medium
OR301	Planning Scheme not consistent with current Council direction or strategic studies	Sarah Peachey - MANAGER REGULATORY SERVICES	13 Oct, 2020	 High	 Medium
OR302	Approving land use without referring to LUAA requirements	Sarah Peachey - MANAGER REGULATORY SERVICES	13 Oct, 2020	 High	
OR303	Inability to adequately fulfill enforcement obligations under the Planning & Environment Act 1987	Sarah Peachey - MANAGER REGULATORY SERVICES	13 Oct, 2020	 High	 High
OR304	Not maximising opportunities to grow or attract new business investment (including major events) in the region	Justine Kingan - PROJECT MANAGER ECONOMIC DEVELOPMENT AND INVESTMENT	13 Oct, 2020	 Medium	 Medium

Attachment B

1. [VAGO performance audit and other integrity bodies - January 2021 update is attached](#) for your reference.

2. [2020-21 audit focus for LG sector](#):

New audit risks for 2020-21 audit cycle:

- COVID 19 impact on financial report (accounting and disclosure) and performance statement (presentation and disclosure).
- Impact of October 2020 council elections and audit implications - changes to strategic direction, changes to the internal control environment, new related party relationships / transactions etc.,

Accounting and other areas relevant for 2020-21 audit cycle *(points below are not meant to be an exhaustive list):*

- Impact of the **LG Act 2020** changes:
 - Councils – no significant impact on Council's financial report and performance statement noted from implementation of LG Act 2020.
 - Regional Library Corporations (RLC) are not a specific type of entity under LGA 2020, but has a [provision](#) for any new RLCs to be formed up until 1 July 2021 and existing RLCs to continue to operate under LGA 1989 for the next 10 years (until 1 July 2031). This will have an impact on financial reporting for 2020-21. Management to determine and provide auditors with its plans for RLCs as at 30 June 2021/ financial report signing date.
- Expected **financial report** (accounting and disclosure) matters include:
 - Impact of any changes to systems, processes and internal controls due to COVID 19 (e.g. approval process changes due to WfH arrangements, changes to financial delegations etc.,)
 - COVID 19 impact on account balances that involve significant management accounting estimates, judgements and assumptions
 - accounting and presentation of rates revenue adjustments (e.g. % waiver on levied rates).
 - accounting for grant income (expecting the sector to receive additional funding in response to COVID 19) and consideration of sufficiently specific performance obligations to account for these transactions.
 - process to identify and account for any embedded leases when contracts are renewed (e.g. new waste contracts) under AASB 16 *Leases*.
 - any rental relief provided to tenants in response to COVID 19 to comply with requirements of AASB 16 *Leases* (as potentially lease modifications).
 - potential challenges associated with asset revaluation process due to COVID 19 restrictions to be addressed early.
 - any additional year-end provisioning requirements (e.g. we are working with EPA on 'Financial Assurance for Local Governments managing Landfills' project).
 - specific financial report disclosures and presentation highlighting the impact of COVID 19 on financial report.
 - new related party transactions and relationships due to council elections.
- Expected **performance statement** impact include:
 - Impact of any changes to systems, processes and internal controls due to COVID 19 (e.g. review process changes due to WfH arrangements)
 - additional disclosure requirements to present impact of COVID 19 in the performance statement.

3. [Other matters](#):

- All 79 Councils will receive new **VAGO engagement letters** (to reflect LG Act 2020 changes) in the next week or so.
- **VAGO audit fees** letters for 2020-21 will be issued sometime in late February/ early March.

7.2 Risk Register

Mr Vaughan Williams to discuss the suggested risk items for 3rd part review.

Outcome

Mr Vaughan Williams discussed the contexts of the risk register to be reported using the CAMMS system.

Attachments

Nil

8 Financial Reporting and VAGO Audit

8.1 Audit Strategy

Mr Malcolm Lewis and Mr Phil Delahunt to present the Audit Strategy for the 2020/21 financial year.

Outcome

Mr Phil Delahunty and Ms Blessing Mendoza from RSD Audit, presented the Audit Strategy for the 2020/21 financial year and discussed the following matters:

- The two new accounting standards, AASB 15 and 1058, regarding revenue recognition (grant income) and the impact to Council's reporting obligations if revenue is not expended.
- The auditors focus on the potential significant impacts to financial statements.
- Infrastructure assets and management's review to confirm that the asset values do not need adjusting.
- An onsite interim visit is scheduled for 22 March to 24 March.
- Changes to those charged with Governance – risks associated with loss of key personnel within the Finance team.

Attachments

1. Audit Strategy NGSC Draft [8.1.1 - 25 pages]

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Northern Grampians Shire Council

Audit Strategy Memorandum

For the financial year ending 30 June 2021

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Background

30 June 2021 Financial Report and Performance Statement of Northern Grampians Shire Council

This strategy outlines our plan for conducting the annual audit of the financial report and performance statement. The audit strategy will be discussed at the audit & risk committee meeting on 3rd March 2021.

Acknowledgement

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

Yours sincerely,

P.P Delahunty
RSD Audit
VAGO Audit Service Provider
Bendigo
1 March 2021

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Introduction

Purpose of the audit strategy memorandum

- This audit strategy outlines our plan for conducting the audit of the Northern Grampians Shire Council financial report, performance statement and roads to recovery statement for the financial year ending 30 June 2021.
- Please read this document in conjunction with VAGO's engagement letter.

Scope of the audit

The *Audit Act 1994* requires the Auditor-General to:

- form an opinion on whether your financial report presents fairly in accordance with the *Local Government Act 2020* and Australian Accounting Standards and provide a copy of the audit report to you
- provide a copy of the audit report to the minister responsible for the entity and where we provide a modified audit opinion, we must provide a copy to the Assistant Treasurer.

The *Local Government Act 2020* requires the Auditor-General to form an opinion on whether your performance statement presents fairly in accordance with Part 4, Division 3 of the *Local Government Act 2020* and agrees with proper accounts and records.

The *National Land Transport Act 2014* requires the Auditor-General to form an opinion on whether both the total expenditure and council's own source expenditure for the construction and maintenance of roads reported in the roads to recovery statement is based on, and agrees with proper accounts and records.

Independence

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 by either Parliament or the government.



New for 2020–21



AASBs 132, 15 & 1058: Termination for Convenience (TfC) clauses

- Typically, TfC clauses require a grant recipient to refund unspent amounts upon demand by the grantor.
- There are mixed views as to whether this contractual obligation to refund on demand gives rise to a 'financial liability' for grant recipients.
- In November 2020, the AASB agreed that stakeholders will need to refer this matter to the IFRS Interpretations Committee if they need authoritative guidance.

Impact: Grant arrangements that would otherwise fall under either AASB 15 or 1058 may result in a financial liability for unspent amounts.

Key changes impacting your audit

Significant Events – Areas of audit focus:

COVID-19 Pandemic

The Victorian Government announced its Coronavirus roadmap for reopening with its steps towards COVID normal.

We expect that the operations of many entities will evolve with hybrids of remote operations and return to offices when entities re-open after prolonged closure of operations. In response, we will monitor developments and liaise with management to understand:

- the challenges impacting your operations, systems and processes
- impacts on your control environment.

VAGO and our audit service providers will continue to operate under our remote audit protocol for the foreseeable future. Working together, we will deliver our audit services remotely while minimising our impact on your operations.

Sector specific changes:

Local Government Act 2020

The *Local Government Act 2020* (The new Act) is implemented in four transitional stages and applies to all 79 local councils in Victoria. During these four stages, the new Act will co-exist with the provisions in the previous Act until 1 July 2021. The new Act follows a principles-based approach and introduces overarching governance principles to improve accountability. There is no significant impact to the financial reporting, performance statement reporting and audit process from implementation of the new Act.

Our audit approach



Assess Risks

We understand your entity and its environment to:

- determine materiality
- identify material transactions, balances, disclosures, and significant events
- identify and assess risks of material misstatement and the controls in place to mitigate these risks
- develop our audit strategy, including scope, timing, and direction of the audit—refer to **Appendix A** for details.



Respond to risks

We choose and execute procedures to obtain audit evidence, this may include:

- testing key manual and application controls
- performance of substantive testing of transactions and balances
- substantive analytical procedures
- reliance on the work of others and specialist experts
- use of data analytics.



Report

We report:

- in our interim and final management letters, observations and our recommendations to improve your internal controls and other deficiencies identified
- in our closing report, any other financial reporting matters that are not related to internal controls
- in our audit report, the audit opinion.

Key risks and areas of audit focus

Financial report

We will focus audit attention on the following financial report balances, disclosures and areas, which pose a higher risk of material misstatement to your financial report. We will also perform procedures to obtain sufficient and appropriate audit evidence on other material classes of transactions, balances, and disclosures in your financial report.

Risk	Key risk of material misstatement	New this financial year	Why we think it is of higher risk	Our proposed audit response
1	Valuation of property, infrastructure, plant and equipment	No	<p>Property, infrastructure, plant and equipment assets represents a significant part of the Council's total assets (\$435m as at 30 June 2020), with the majority of these assets carried at fair value.</p> <p>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.</p> <p>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.</p> <p>Valuations may be inaccurate due to the judgement and complexities associated with applying AASB 13 <i>Fair Value Measurement</i>. Disclosures may be incorrect or insufficient.</p> <p>Management advise they do not anticipate any Infrastructure revaluations being necessary in 2021. Management will need to demonstrate that the Fair Values are appropriate.</p>	<ul style="list-style-type: none"> • If revaluations are performed, we will <ul style="list-style-type: none"> ○ review the nature and extent of management's oversight and review of the fair value measurement by valuation experts ○ review the valuer's report to evaluate the appropriateness of the methodology, the applied assumptions and estimates, and the overall reasonableness of the valuation ○ assess the competence, skills and experience of the valuer conducting the works ○ review any indexation calculations prepared by management. ○ we will review the journals posted by management to support the figures within the financial statements • If revaluations do not occur, for each class of property and infrastructure, we will obtain management's assessment of unit rates and condition and confirm assumptions support the decision not to revalue the assets • We will review management's impairment assessments

Risk	Key risk of material misstatement	New this financial year	Why we think it is of higher risk	Our proposed audit response
2	Impact of COVID-19 on financial report	Yes	<p>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.</p> <p>During times of significant uncertainty:</p> <ul style="list-style-type: none"> • staff morale, wellbeing and decision making may be affected • key resources may be limited or redeployed to areas of critical need, and • internal controls may not operate as intended. <p>Expected financial report impacts include:</p> <ul style="list-style-type: none"> • accounting for grant income expected to be received during 2020-21 by the sector in response to COVID-19 • accounting and presentation of rates revenue adjustments (e.g. % waiver on levied rates). • any rental relief provided to tenants in response to COVID 19 to comply with requirements of AASB 16 <i>Leases</i> • challenges associated with asset revaluation process due to COVID 19 restrictions. • specific financial report disclosures and presentation highlighting the impact of COVID 19 	<p>We will:</p> <ul style="list-style-type: none"> • review 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) • assess the impact of COVID 19 on your control environment (due to work from home arrangements, changes to financial delegations' limits etc.,) • audit the specific disclosures highlighting the impact of COVID 19 and ensure compliance with model LG financial report template for 2020-21. • schedule the best timing for audit work to accommodate any additional pressure your organisation may be under in response to the pandemic.

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Risk	Key risk of material misstatement	New this financial year	Why we think it is of higher risk	Our proposed audit response
3	Changes to Those Charged with Governance ('TCWG') due to Local Government Council elections during 2020-21	Yes	<p>Changes in key personnel / Those charged with Governance can have cascade effect throughout the organisation in terms of strategic direction, organisational and governance structure and changes to the internal control environment. Accordingly, there is an increased risk that:</p> <ul style="list-style-type: none"> undetected errors will occur quality assurance is foregone key controls may not operate as intended leading to material misstatement in the financial report 	<p>We will:</p> <ul style="list-style-type: none"> make enquiries of management on impact of any changes review minutes and management reports for large or unusual transactions monitor and assess any subsequent events for disclosure requirements issue a new engagement / arrangement letter to confirm the terms of engagement monitor developments regarding the strategic direction, organisational structure and assess the impact of changes on the internal control environment gain an understanding of the qualifications and experience of key personnel and assess capability from a corporate governance perspective consider impact of changes on internal controls, as applicable, to determine whether they have operated effectively across the period review the KMP remuneration disclosures within the financial report to determine accuracy of details regarding start or end date and level of remuneration disclosed.
4	Valuation of employee benefit provisions	No	<p>Provisions for employee benefits account for approximately 28% of Northern Grampians Shire Councils total liabilities and as at 30 June 2020 the employee benefits obligations disclosed were \$3.068 million.</p> <p>The calculations and financial statements disclosures of employee provisions under AASB 119 Employee Benefits require estimates and judgements such as:</p>	<p>We will:</p> <ul style="list-style-type: none"> perform data analytics and substantive analytical procedures perform substantive procedures over employee costs and provisions

Risk	Key risk of material misstatement	New this financial year	Why we think it is of higher risk	Our proposed audit response
			<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 2020-21 however, resulting from the effects of COVID-19 there may be 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"> • assess the reasonableness and consistency of key assumptions, namely the DTF inflation and discount rates, wage rate increases, probability factors • review 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 • assess the adequacy of all disclosures

Performance statement

We have identified that the following area poses a higher risk of material misstatement to your performance statement. We will focus audit attention to these areas.

Risk	Key risk of material misstatement	New this financial year	Why we think it is of higher risk	Our proposed audit response
1	Non-financial indicators	No	<p>There is a potential risk that:</p> <ul style="list-style-type: none"> • systems in place at the Council may not accurately capture the data required to support service performance outcomes. • incomplete and/or inaccurate data due to inadequate systems may result in material misstatement of the performance statement. • a lack of quality assurance over the preparation of performance statement may also result in significant errors or omissions may also result in significant errors or omissions. 	<p>We will:</p> <ul style="list-style-type: none"> • review the systems in place to capture the financial and non-financial data • determine the reliability and soundness of the available records for compiling that indicator • check the calculations of reported figures • assess the reasonableness of explanations included in the report of significant variations • confirm that the performance statement complies with legislative requirements. • Assess the impact of any changes to systems, processes and internal controls due to COVID 19 • review additional disclosure requirement to present impact of COVID 19 in the performance statement.

Materiality

We decide materiality by considering qualitative and quantitative factors and using our professional judgement.

We use materiality to make judgements about the:

- balances and disclosures that require detailed audit attention
- amount of audit work we perform
- effect of misstatements.

We start with an **overall materiality** for the financial report. Our view is that uncorrected errors above this amount, either individually or in aggregate, would mislead the users of the financial report.

We have determined that misstatements of lesser amounts than overall materiality for particular statements, account balances or disclosures could reasonably be expected to mislead the users of the financial report. Consequently, we have a **specific materiality** threshold for these.

We use amounts less than overall and specific materiality, to reduce the probability that the aggregate of uncorrected and undetected misstatements exceeds overall and specific materiality. We call this **performance materiality**. You will need you to correct any errors above performance materiality before we issue our opinion.

We will not need you to correct any errors that are **clearly trivial**—an amount below which we judge that misstatements are of no quantitative consequence. If we find such misstatements, we will not communicate these to you.

We will reassess materiality before providing our audit opinion and where we update it, we will communicate this to you through our closing report.

Our planning materiality levels are shown in the table.

Description	Benchmark	Amount (\$)
Overall materiality	4% of Infrastructure, Property, Plant and Equipment	\$17.8m
Performance materiality	85% of overall materiality	\$15.1m
Clearly trivial threshold	2% of overall materiality	\$356k
Specific materiality, set for all account balances other than IPPE assets	4% of total expenditure	\$1.5m
Specific performance materiality	85% of specific materiality	\$1.3m
Specific clearly trivial threshold	2% of specific materiality	\$31k

After considering qualitative and quantitative factors influencing each individual indicator in the performance statements, we set materiality for those indicators. The nature of performance statements means that we cannot communicate an overall materiality level for the statement.

Other audit considerations

Our audit approach includes the following considerations.

Our use of the work of internal audit	<ul style="list-style-type: none">• The council do not have a clearly defined internal audit function.
Our use of data analytics	Our data analytics team will collect and analyse your data for audit purposes. Data analytics enables us to conduct a more targeted audit, improve the efficiency and effectiveness of our audit process, and share key insights with you. Our work will allow us to analyse larger data populations, identify patterns, correlations, and trends, and direct our audit procedures.
Your use of specialists and experts	You have relied on the work of experts to assist with the fair value estimate of infrastructure, property, plant and equipment and rehabilitation provisions. We will assess the work of the expert (including their competence, skills and experience) to determine whether we can rely on it.

Other responsibilities

Refer to our engagement letter for a complete list of responsibilities.

Internal control

Management is responsible for maintaining suitable accounting records and designing and operating internal controls that prevent and detect fraud and error.

The control environment is an integral part of the governance framework. It represents management's commitment to establishing and executing well-controlled business operations. Our ability to rely on systems of control is directly related to our assessment of how effective they are.

Our preliminary assessment of your control environment is that it supports our reliance on your internal systems of controls.

We will promptly write to those charged with governance about significant internal control deficiencies that come to our attention during the audit.

Please refer to **Appendix B** for the table that updates the points in the management letters of prior years.

Fraud

During our audit, we ask those charged with governance, management, and others to identify any known instances of fraud. We seek to understand where you consider fraud risks exist, and if you have any knowledge of actual or suspected fraud, including the risk of management override of controls. Our audit is not designed to detect fraud. However, should instances of fraud come to our attention, we will report them to you.

Suspected corrupt conduct

If, during the course of our audit, we become aware of any matter that we reasonably suspect may involve corrupt conduct, either current or past, we must notify the Independent Broad-based Anti-Corruption Commission (IBAC) (under our obligations of the *Audit Act 1994*). Notifications to IBAC override the existing confidentiality provisions in the Act.

Waste, probity and financial prudence

If we become aware of any waste of public resources, or lack of probity and financial prudence in how public resources are managed or applied, we will report it to management and / or parliament via our reports.

Audit timetable

Milestone	Date	Responsibility
We start our engagement with you to plan the audit	8 December 2020	Council and RSD
We issue the audit strategy memorandum	1 March 2021	RSD
We start the interim audit	22 March 2021	Council and RSD
We issue the interim management letter	6 April 2021	RSD
Management provides the shell financial report / performance statement to audit	Mid May 2021	Council
We review the shell financial report / performance statement and provide feedback	Late May 2021	RSD
After being subjected to internal quality assurance, management submit the draft financial report / performance statement to audit	19 August 2021	Council and RSD
We start the final audit engagement with you	23 August 2021	Council and RSD
We hold the closing meeting with finance team	25 August 2021	Council and RSD
The audit and risk committee meeting discusses the closing report	*TBC	Council and RSD
The governing body adopts and signs the financial report / performance statement	*TBC	Council
The independent auditor signs the audit report	September 2021	VAGO
Management provide the printers proof of the annual report to audit for review	*TBC	Council
We issue the final management letter	October 2021	RSD

Audit fee and key contacts

Fees

- We will advise you of the estimated audit fee in a separate letter.
- Fees are based on our planned audit approach. We will bill progressively based on the work completed.
- Fees are subject to change if the scope, volume, or complexity of the audit changes.
- Fees may change if agreed milestones are not met, for example in cases where there is limited availability of key staff to assist the audit process.

Key contacts

Signing officer
Sanchu Chummar Acting Sector Director, Local Government

Engagement leader
Phil Delahunty Engagement Partner

Team Leader
Blessing Mendoza Engagement Manager

Other information

Reports to Parliament



Results of Financial Audits

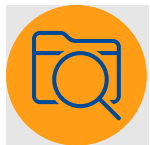
[2020–21 financial year](#)

VAGO will table two reports summarising the results of the 2020–21 financial audits: Auditor-General’s Report on the Annual Financial Report of the State of Victoria, 2020–21 (covering all sectors other than local government), and Local Government: Results of the 2020–21 Audits. This report was tabled on 24 November 2020.

[2019–20 financial year](#)

Auditor-General’s Report on the Outcomes from our audits of the Victorian Public Sector: 2019–20

VAGO will table an omnibus report on the outcomes from our 2019–20 audits of the Victorian public sector as the financial reporting timelines for agencies was extended because of the coronavirus pandemic. This report will include a list of all Victorian government sector entities we audited, the type of audit opinion we issued, and the date it was issued. We expect to table the report in Parliament during March 2021.



Performance Audits

A list of performance audits in progress is on our [website](#).

Details of planned performance audits are in our [annual plan](#).

Key VAGO links and resources



[Annual Plan](#)

[Reports and Publications](#)

[Audits in Progress](#)

[Corporate Information](#)

[Information privacy](#)

[Complaints about VAGO](#)

Appendix A. Planned audit approach




Material component	Inherent risk assessment (H/M/L)	Reliance on Controls (Yes/No)	Residual risk of material misstatement	Planned reliance on substantive audit procedures (H/M/L)
Income				
Rates and Charges (\$17.9m)	Low	Yes	Low	Low
User fees (\$1.6m)	Medium	No	Medium	Medium
Government Grants – operating & capital (\$19m)	Medium	No	Medium	Medium
Expenditure				
Employee Benefits (\$13m)	Medium	Yes	Low	Low
Materials and Services (\$10m)	Low	Yes	Low	Low
Depreciation and Amortisation (\$12m)	Medium	No	Medium	Medium
Other Expenses (\$1.7m)	Low	Yes	Low	Low
Assets				
Cash & Cash Equivalents (\$27m)	Low	Yes	Low	Low
Receivables (\$2m)	Medium	No	Medium	Medium
Infrastructure, Property, Plant & Equipment (\$435m)	High	No	High	High
Liabilities				
Payables (\$2m)	Medium	Yes	Medium	Medium

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Material component	Inherent risk assessment (H/M/L)	Reliance on Controls (Yes/No)	Residual risk of material misstatement	Planned reliance on substantive audit procedures (H/M/L)
Unearned income (\$2.6m)	Medium	No	Medium	Medium
Provisions (\$3m)	Medium	Yes	Medium	Medium
Interest-bearing liabilities (\$2.4m)	Low	No	Low	Low
Equity				
Asset Revaluation Surplus (\$320m)	Low	No	Low	Low
Notes to the accounts				
Related parties	Low	No	Low	Low
Commitments and contingencies	Low	No	Low	Low

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Appendix B. Status of prior period reported items



Prior period reference	Finding	Risk rating	Current Status	Description, responsible person and agreed completion date
2020.4	<p>Internal Audit Function</p> <p>NGSC does not have an internal audit program. Apart from the Act implying that there should be, good governance and risk management relies in part on the review of compliance with establishment of policies and procedures etc.</p>	Moderate		<p>Status update: Management is in the process of finalising risk review that includes use of the CAMMS system to track strategic and operational risks with ongoing assessment and action plans. Management believes this ongoing review is an appropriate way of managing its risks.</p> <p>Responsible person: Director Corporate Services</p> <p>Agreed completion date: N/A</p>
2020.5	<p>Infrastructure Asset Revaluation Timing</p> <p>In each of 2019FY and 2020 FY the finalisation of the reporting requirements has been affected and delayed by the identification of Prior Year Errors.</p>	Moderate		<p>Status update: Revaluation reports are to be available for the interim audit including review at the June 21 Audit & Risk Committee meeting.</p> <p>Responsible person: Manager Infrastructure</p> <p>Agreed completion date: 31 May 2021</p>
2020.6	<p>Valuation of parks, open spaces & streetscapes, and Other Infrastructure</p> <p>Council values most infrastructure at Fair Value, but parks, open spaces & streetscapes (WDV \$4.7m), and Other Infrastructure (WDV \$166K) are instead valued using the Cost Basis.</p>	Low		<p>Status update: Management will continue to work with the auditors to find cost effective solutions in order to comply with accounting standards and audit recommendations.</p> <p>Responsible person: Manager Infrastructure</p> <p>Agreed completion date: To be determined</p>

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Prior period reference	Finding	Risk rating	Current Status	Description, responsible person and agreed completion date
2020.1	<p>Probity Training – Interim 2020</p> <p>Based on our discussion with NGSC staff, probity training is only provided at the commencement of employment. It is noted that there is no refresher training administered on a regular basis.</p>	Low		<p>Status update: Ongoing refresher training is provided to staff following the adoption of the 2020 Procurement Policy. This training commenced in October 2020.</p> <p>Responsible person: Manager Financial Services</p> <p>Agreed completion date: Ongoing</p>
2020.2	<p>Policies and Procedures – Interim 2020</p> <p>We noted that the following policies are past their review dates.</p> <ul style="list-style-type: none"> • Rates Debt Collection Policy (last reviewed in March 2014) • Human Resources Policy (last reviewed in February 2016) <p>Final FY 2020 Audit Additional Finding</p> <p>We also noted additional policies and procedures that are past their review dates:</p> <p>Business Continuity Management Framework (last reviewed in February 2014)</p>	Low		<p>Status update:</p> <ul style="list-style-type: none"> - Review of the Human Resources Policy was delayed until June 2021 due to the Workforce Development Planning requirements under the new Local Government Act 2020. - Update of the Business Continuity Management Framework is delayed due to resource constraints. Management is aware of the delay and will consider engaging an external resource, to complete this work, at the next Risk Committee meeting and/or the statutory Audit & Risk Committee. <p>Responsible person: Manager Financial Services</p> <p>Agreed completion date: Ongoing</p>
2019.3	<p>Provision for Doubtful Debts Assessment</p>	Low		<p>Status update: There is no further work on the provision balances, a review of the balances will be reviewed at year-end.</p> <p>Responsible person: Manager Financial Services</p> <p>Agreed completion date: 30 June 2020</p>





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Prior period reference	Finding	Risk rating	Current Status	Description, responsible person and agreed completion date
	<p>This new standard introduces an expected credit loss model (ECL) that recognises potential losses based on forward-looking information (rather than based on a currently impaired assessment model). This requires management to develop a 'provision matrix', where the provision for doubtful debts for trade receivables is based on an assessment of the historical default rate, as well as consideration to specific factors.</p>			
2018.2	<p>Employee Provisions</p> <p>Based on our detailed review of the LSL at year end 30 June 2020, we have noted an error in the LSL model used by NGSC. The result of the errors are immaterial overall hence no adjustment was required as a result of the review.</p> <ul style="list-style-type: none"> The model uses a higher nominal LSL hour, resulting to an immaterial overstatement in LSL Prior year discount rates have been applied instead of FY 2020. 	Moderate		<p>Status update: Management agree that a higher discount rate was applied that marginally overstated the employee provision. Management will apply appropriate discount rates for future years calculations.</p> <p>Responsible person: Manager Financial Services</p> <p>Agreed completion date: December 2018</p>
2018.1	<p>Payment Processes</p> <p>During the audit of payment procedures in 2018, we identified several minor weaknesses:</p> <ul style="list-style-type: none"> There is no annual review of administrators, authorisers and creators of electronic payments (noted appointments based on role) 	Moderate		<p>Status update: Now completed. An internal process also exists regarding bank signatories / users. This process documents additions and deletions to Council bank accounts, including administrators, authorised signatories and normal users. This is reviewed on an annual basis or when changes to the user type occurs.</p> <p>Responsible person: Manager Financial Services</p> <p>Agreed completion date: December 2018</p>

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Prior period reference	Finding	Risk rating	Current Status	Description, responsible person and agreed completion date
	<ul style="list-style-type: none"> There is no policy for the appointment or removal of administrators/authorisers/creators Credit card agreements are not updated on a regular basis (i.e. every 3-5 years) Credit card holders are not reviewed annually <p>In addition, we noted the following matters which have been discussed with management who have noted these are system limitations, and there are other mitigating controls in place to reduce the risk:</p> <ul style="list-style-type: none"> Only one administrator can add a user of electronic banking, however it required two authorisers to make a change to authorisers, creators etc The payment file extracted from the finance system can be edited prior to upload to the banking portal <p>Payments can be created directly in the banking platform, circumventing the finance system</p>			
Key		Completed or due date not yet reached, and action being undertaken		
		Past due date, management needs to confirm action		
		Past due date, but management is undertaking action		
		Open (as per representations from management) and overdue		

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8.2 Quarterly Finance Report

Mr Malcolm Lewis presented the Finance Report for the period ending 31 December 2020.

Attachments

1. Finance Report to December 2020 [**8.2.1** - 16 pages]

Financial Report

31 DECEMBER, 2020



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Executive Summary as at 31 December, 2020

It should be noted that this report only reflects spending to 31 December, 2020.

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

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

Cash Flow Statement as at 31 December, 2020

	Actuals to December, 2020 \$`000	Total Forecast \$`000	Budget 2020-21 \$`000	Variations to Budget Fav (Unfav) \$`000
Operating Activities				
Revenue				
Rates & Charges	(10,013)	(18,558)	(18,262)	296
Operating Grants	(4,518)	(7,615)	(6,822)	793
Statutory Fees & Fines	(147)	(312)	(318)	(6)
User Fees	(22)	(1,130)	(1,258)	(128)
Contributions	(252)	(422)	(48)	374
Other Revenue	(398)	(327)	(703)	(376)
Total Revenue	(15,350)	(28,364)	(27,411)	953
Expenses				
Employee Costs	8,310	17,331	16,169	(1,162)
Materials & Services	5,451	14,726	10,064	(4,662)
Borrowing Costs	43	102	102	-
Other Expenses	85	1,003	1,455	452
Total Expenses	13,889	33,162	27,790	(5,372)
Major Emergency Operations				
Expenses				
Materials & Services	-	200	-	(200)
Major Emergency Expenses	0	200	0	(200)
	Net Operating	(1,461)	4,998	379
				(4,619)
Investing Activities				
Capital Expenditure	8,346	20,255	13,392	(6,863)
Capital Grants	(3,801)	(8,131)	(3,452)	4,679
Capital Contributions	-	(279)	(85)	194
Proceeds from investment in associates	-	-	(190)	(190)
Repayment of Loans & Advances	(125)	(63)	(63)	-
Net Investing Activities	4,420	11,782	9,602	(2,180)
Major Emergency Restoration Investment Activities				
Capital Grants	(449)	(449)	-	449
Net Major Emergency Restoration	(449)	(449)	0	449
Financing Activities				
Principal Repayments	108	218	218	-
Interest Paid - Lease Liability	-	3	3	-
Repayment of Lease Liability	-	(83)	108	191
Net Trust Movement	(2)	-	-	-
Net Financing Activities	106	138	329	191
Net Movements for Year	2,616	16,469	10,310	(6,159)
Opening Cash	27,208	27,208	20,338	6,870
Closing Cash	24,592	10,739	10,028	711

Operating Statement as at 31 December, 2020

50% through the year

	YTD Committed Actuals \$000's	Forecast \$000's	Adopted Budget \$000's	% Actuals to Forecast %
Revenue				
Rates & Charges				
Residential	(8,027)	(8,033)	(7,858)	100%
Farm/Rural	(5,020)	(5,017)	(5,025)	100%
Commercial	(783)	(783)	(848)	100%
Industrial	(291)	(291)	(291)	100%
Cultural & Recreational	(11)	(11)	(11)	100%
Municipal Charge	(1,312)	(1,312)	(1,308)	100%
Garbage Charge	(2,818)	(2,815)	(2,810)	100%
Rates in Lieu	(24)	(112)	(112)	21%
Rates & Charges	(18,286)	(18,374)	(18,262)	100%
Grants Capital				
Capital Grants	(4,150)	(8,580)	(5,592)	48%
Grants Capital	(4,150)	(8,580)	(5,592)	48%
Grants Operating				
Aged & Disability Services Grants	(534)	(725)	(714)	74%
Child Care Grants	(516)	(857)	(641)	60%
Economic Development Grants	(574)	(766)	(1,149)	75%
Environmental Grants	-	(75)	(75)	0%
Untied Grants	(1,892)	(3,903)	(3,903)	48%
Operating Grants	(922)	(1,166)	(217)	79%
Public Safety Grants	(121)	(123)	(123)	98%
Grants Operating	(4,559)	(7,615)	(6,822)	60%
User Fees				
Aged and Disability Service Fees	(203)	(412)	(412)	49%
Child Care Fees	(140)	(276)	(276)	51%
Leisure Fees	(112)	(297)	(297)	38%
Local Law Fees	(37)	(115)	(115)	33%
Other Fees	(37)	(125)	(125)	29%
Public Health Fees	(7)	(7)	-	101%
Rental Income	(36)	(36)	-	100%
Private Works Infrastructure	(7)	(17)	(17)	43%
Waste Management Fees	(17)	(27)	(27)	62%
User Fees	(596)	(1,313)	(1,270)	45%
Statutory Fees and Fines				
Building Fees	(139)	(178)	(178)	78%
Local Law Fees	(8)	(4)	(4)	207%
Other Fees	(8)	(16)	(16)	47%
Planning Fees	(71)	(114)	(114)	62%
Statutory Fees and Fines	(226)	(312)	(312)	72%
Contributions				
Contributions Child Care	(307)	(340)	(340)	90%
Contributions to Capital	-	(279)	(75)	0%
Contributions Debt Collectors	(2)	(30)	(30)	7%
Contributions Other	(52)	(52)	(48)	100%
Contributions	(362)	(701)	(493)	52%
Other Revenue				
Interest Income	(2)	(175)	(175)	1%
Other Revenue	(223)	(152)	(152)	147%
Other Revenue	(225)	(327)	(327)	69%
Revenue	(28,405)	(37,222)	(33,077)	76%
Revenue (excl Rates & Charges)	(10,118)	(18,848)	(14,815)	54%

Operating Statement as at 31 December, 2020

50% through the year

	YTD Committed Actuals \$000's	Forecast \$000's	Adopted Budget \$000's	% Actuals to Forecast %
Expenses				
Employee Benefits				
Salary & Wages	7,225	14,867	14,005	49%
Superannuation	700	1,438	1,410	49%
LSL Provision Movement	-	402	402	0%
Fringe Benefit Tax	1	33	33	3%
Workcover	266	319	319	84%
Training	70	272	246	26%
Employee Benefits	8,261	17,331	16,415	48%
Materials & Services				
Advertising	40	95	94	42%
Audit Fees	14	56	56	25%
Bank Fees	27	66	66	40%
Catering	4	53	45	8%
Communications	32	154	154	21%
Professional Advice	193	369	301	52%
Contractors	1,205	4,147	3,509	29%
Contributions - Reciprocal	64	105	105	61%
Cost of Goods Sold	78	142	142	55%
Equipment Mtc & Repair	408	678	678	60%
Fuel	208	556	556	38%
Insurance	292	579	579	50%
Leases	172	469	293	37%
Legal Expenses	58	95	95	62%
Memberships & Subscriptions	114	221	221	52%
Minor Equipment	230	293	229	79%
Office Supplies	4	10	10	35%
Other Materials and Services	820	2,642	1,125	31%
Postage & Freight	17	37	37	46%
Printing	19	80	80	23%
Recruitment & Retention Expenses	12	21	21	56%
Security Expenses	18	57	57	32%
Software Costs	359	904	904	40%
Uniforms & Protective Clothing	98	119	115	82%
Utilities	184	439	435	42%
Contract Employees	222	374	374	59%
Materials & Services	4,891	12,760	10,281	38%
Depreciation				
Depreciation	2	11,378	11,378	0%
Depreciation	2	11,378	11,378	0%
Amortisation				
Amortisation	-	99	99	0%
Amortisation	-	99	99	0%
Finance Costs				
Finance Costs	43	102	102	42%
Lease Costs	-	3	3	0%
Finance Costs	43	105	105	41%
Other Expenses				
Contributions - Non Reciprocal	(50)	763	973	-7%
Councillor Allowances	114	214	214	53%
Other Expenses	21	26	26	79%
Other Expenses	85	1,003	1,213	9%
Expenses	13,283	42,677	39,492	31%
Expenses (excl Depreciation)	13,281	31,200	28,015	43%

Operating Statement as at 31 December, 2020

50% through the year

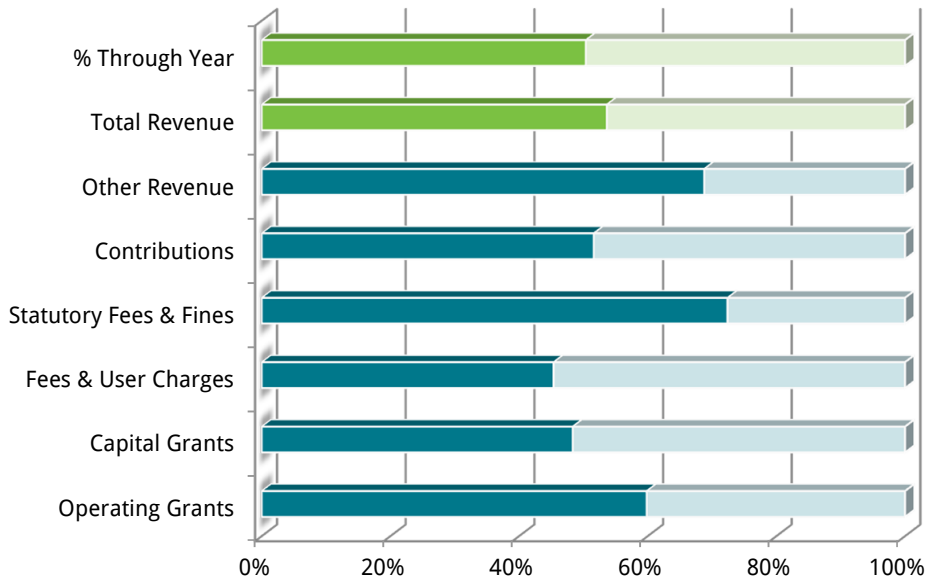
	YTD Committed Actuals \$000's	Forecast \$000's	Adopted Budget \$000's	% Actuals to Forecast %
Other Income Statement Items				
Proceeds of Asset Sales	(168)	(35)	-	479%
Written Down Value of Assets Sold	246	35	35	0%
Net (Increment) Revalued Assets	(106)	-	-	0%
Other Income Statement Items	(28)	0	35	0%
Operating Statement	(15,150)	5,454	6,449	

Discussion:

The depreciation expense is calculated and charged to the general ledger at the end of the financial year. Based on the budgeted depreciation the Adjusted Operating Statement result as at December 2020 is a surplus of \$9.4m.

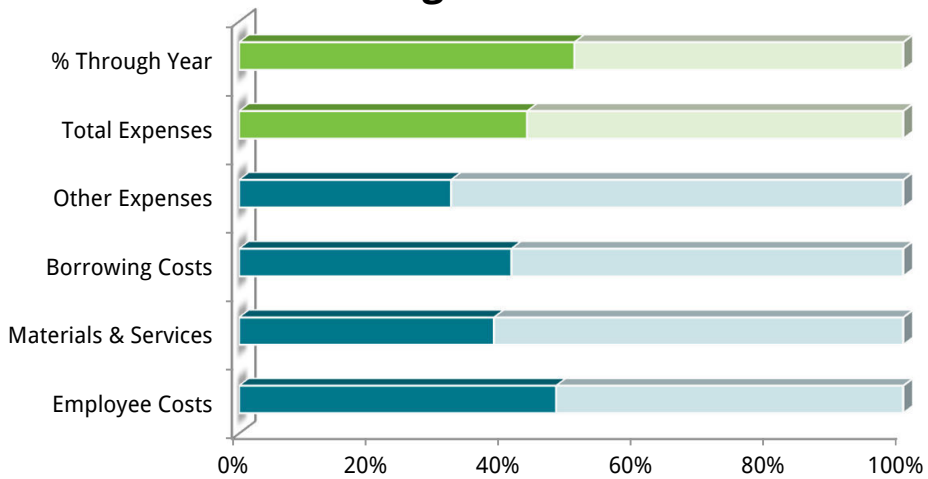
Operating Result	(15,150)
Less Depreciation	5,739
Adjusted Operating Result	(9,411)

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	20	200	0%	100%
Roads	4,205	8,396	50%	50%
Bridges	1,017	1,606	63%	37%
Building	139	2,439	6%	94%
Drainage	0	65	0%	100%
Open Spaces	2,753	7,243	38%	62%
Land & Land Improvements	188	605	31%	69%
IT	17	17	100%	0%
Plant, Vehicles & Equipment	196	874	22%	78%
Projects	202	1,507	13%	87%
Total Capital & Projects	8,737	22,953	38%	62%

2019/20 Capital Program

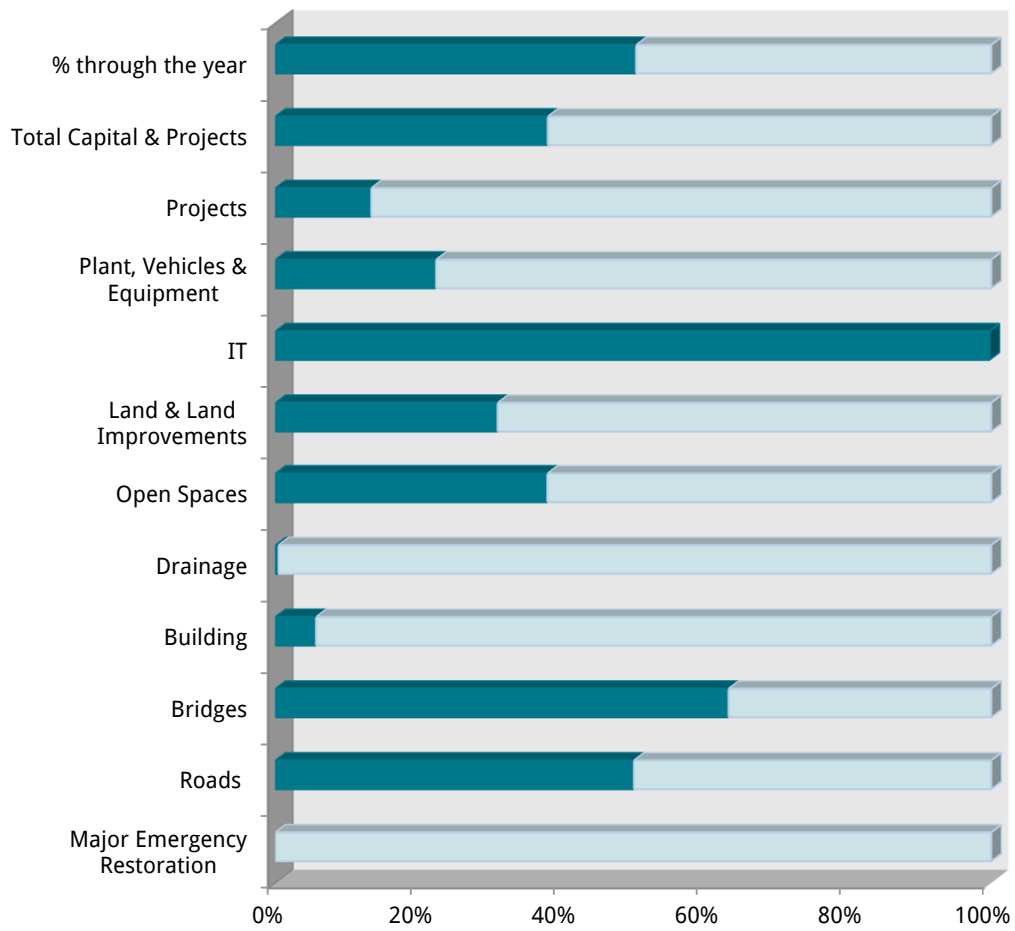
Capital Projects	8,460	20,325
Expensed Projects	257	2,428

2019/20 Major Emergency Restoration

Capital Projects	0	-
Expensed Projects	20	200

Total Capital & Projects	8,737	22,953
-------------------------------------	--------------	---------------

Capital & Project Expenditure Progress



Summary of Major Variations for December 2020

	Forecast Variation Fav/(Unfav)
	\$
Funded Capital and Projects included in variations (no net impact on cash)	
Successful Funding	
LRCI Extension - 2nd Instalment	1,538,400
CASI - Community Activation & Social Isolation	25,000
Libraries - Digital Grant	2,500
	<u>1,565,900</u>

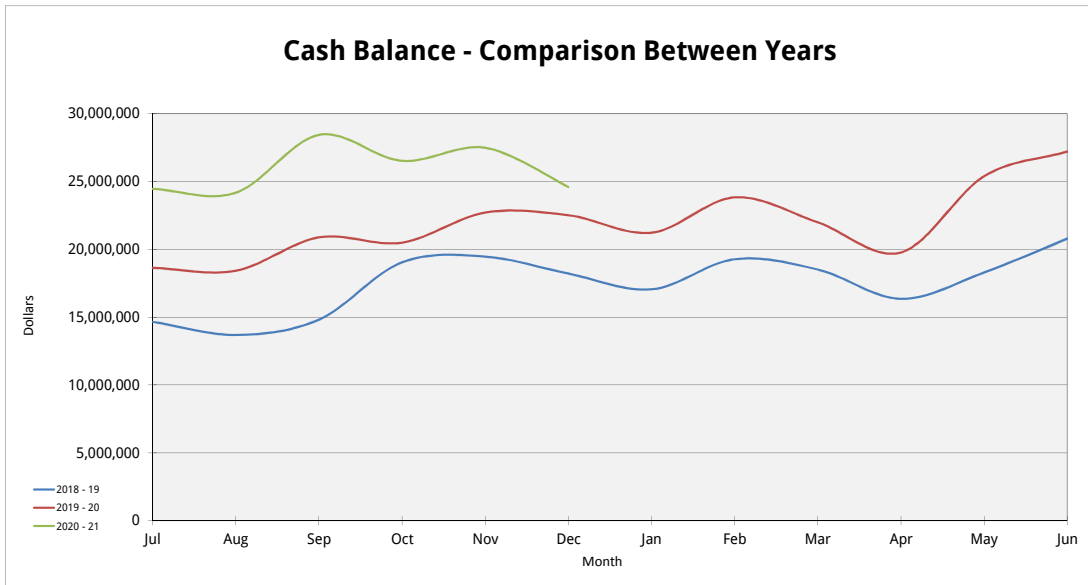
Capital & Project Expenditure Summary as at 31 December, 2020

	YTD Actuals (incl Commitments)	Forecast	Adopted Budget	% Committed to Forecast
02 - Capital				
1112 - B - Roads - Aerodrome Program	16,660	439,710	500,000	4
1101 - B - Roads - Final Seal Program	380,895	509,421	321,000	75
1110 - B - Roads - Footpaths Program	41,499	130,113	130,000	32
1100 - B - Roads - Kerb & Channel Program	96,338	410,000	325,000	23
1102 - B - Roads - Major Rural Roads Program	1,089,513	1,629,230	390,000	67
1104 - B - Roads - Resealing Program	1,021,021	1,232,391	1,330,000	83
1105 - B - Roads - Resheeting Program	774,215	1,014,000	1,120,000	76
1106 - B - Roads - Rural & Residential Program	291,354	462,750	285,000	63
1111 - B - Roads - Streetscapes	50,473	1,202,455	0	4
1107 - B - Roads - Town Street Sealing Program	31,948	113,200	85,000	28
1108 - B - Roads - Transport Dev Program	294,629	774,345	460,000	38
1109 - B - Roads - Urban Rd Improvement Program	0	106,000	70,000	0
1103 - B - Roads - Rehabilitation Program	116,490	372,440	250,000	31
1113 - C - Bridge & Major Culverts Program	1,016,773	1,606,045	1,090,000	63
1114 - C - Floodway Program	0	35,000	35,000	0
1115 - D - Building Program	138,965	2,439,385	1,800,000	6
1116 - E - Drainage Program	295	65,000	65,000	0
1122 - F - Open Spaces Program	2,752,826	7,243,193	3,850,500	38
1120 - G - Land & Land Improvement Program	188,046	605,465	600,000	31
1119 - H - IT Program	16,743	16,700	0	0
1118 - H - Plant, Vehicles & Equipment Program	196,268	839,035	685,000	23
1121 - J - Projects	202,096	1,507,389	20,000	13
Total 02 - Capital	8,717,046	22,753,267	13,411,500	38
04 - Emergency Capital				
0223 - 01/11 Natural Disaster Funding - Bridges	0	0	0	0
0251 - 09/16 Flood Event	0	0	0	0
0254 - 09/16 Natural Disaster - Bridges	0	0	0	0
0253 - 09/16 Natural Disaster - Drainage	0	0	0	0
0257 - 11/19 Bushfire Recovery	19,780	200,000	0	10
Total 04 - Emergency Capital	19,780	200,000	0	10
Grand Total	8,736,826	22,953,267	13,411,500	38

Capital & Project Revenue Summary as at 31 December, 2020

Level 2	YTD Actuals (incl Commitments)	Forecast	Adopted Budget	% Committed to Forecast
02 - Capital				
1112 - B - Roads - Aerodrome Program	(60,000)	(120,000)	(300,000)	50
1101 - B - Roads - Final Seal Program	(100,000)	(128,000)	(100,000)	78
1110 - B - Roads - Footpaths Program	0	(10,000)	(10,000)	0
1100 - B - Roads - Kerb & Channel Program	0	0	0	0
1102 - B - Roads - Major Rural Roads Program	(564,935)	(940,935)	(300,000)	60
1104 - B - Roads - Resealing Program	0	0	0	0
1105 - B - Roads - Resheeting Program	(621,639)	(1,857,000)	(1,682,000)	33
1106 - B - Roads - Rural & Residential Program	(82,600)	(82,600)	(63,000)	100
1111 - B - Roads - Streetscapes	0	0	0	0
1107 - B - Roads - Town Street Sealing Program	0	0	0	0
1108 - B - Roads - Transport Dev Program	0	(245,000)	(335,000)	0
1109 - B - Roads - Urban Rd Improvement Program	0	(36,000)	0	0
1103 - B - Roads - Rehabilitation Program	0	0	0	0
1113 - C - Bridge & Major Culverts Program	(184,000)	(184,000)	(1,009,000)	100
1114 - C - Floodway Program	0	(25,000)	(25,000)	0
1115 - D - Building Program	(780,000)	(700,000)	(700,000)	111
1116 - E - Drainage Program	0	0	0	0
1122 - F - Open Spaces Program	(1,107,657)	(3,781,013)	(643,000)	29
1120 - G - Land & Land Improvement Program	(258,384)	(300,000)	(300,000)	86
1119 - H - IT Program	0	0	0	0
1118 - H - Plant, Vehicles & Equipment Program	(109,440)	(35,000)	0	313
1121 - J - Projects	(539,750)	(617,750)	0	87
Total 02 - Capital	(4,408,405)	(9,062,298)	(5,467,000)	49
04 - Emergency Capital				
0256 - 09/16 Natural Disaster Funding Income	(449,461)	(449,461)	0	100
0257 - 11/19 Bushfire Recovery	0	0	(200,000)	0
Total 04 - Emergency Capital	(449,461)	(449,461)	(200,000)	100
Grand Total	(4,857,866)	(9,511,759)	(5,667,000)	51

Cash and Investments as at 31 December, 2020



Total Cash Balance at Month End

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2017 - 18	12,943,095	11,722,616	12,402,540	10,045,586	11,871,466	10,298,760	8,070,124	10,076,254	10,520,858	9,157,008	11,843,662	16,202,519
2018 - 19	14,662,878	13,696,212	14,814,349	19,043,239	19,466,664	18,213,979	17,049,983	19,275,427	18,514,123	16,357,309	18,298,119	20,785,979
2019 - 20	18,642,143	18,424,373	20,885,437	20,496,673	22,711,437	22,520,759	21,226,659	23,831,676	21,993,073	19,771,946	25,394,596	27,206,212
2020 - 21	24,458,405	24,173,971	28,436,358	26,525,969	27,490,366	24,592,324						

Restricted Cash required as at 31 December 2020

\$ 5,148,000

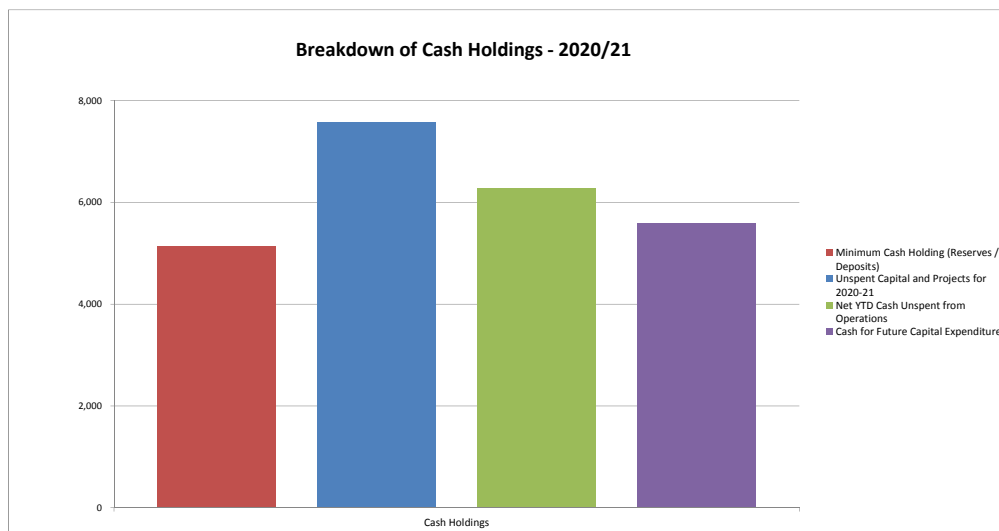
Available Cash as at 31 December, 2020

\$ 19,444,324

\$ 24,592,324

[1] Breakdown of Cash Holdings

	\$000's
Minimum Cash Holding (Reserves / Deposits)	5,148
Cash for Future Capital Expenditure	5,591
Unspent Capital and Projects for 2020-21	7,579
	<u>18,318</u>
Net YTD Cash Unspent from Operations	6,274
Total Cash held as at 31 December 2020	24,592



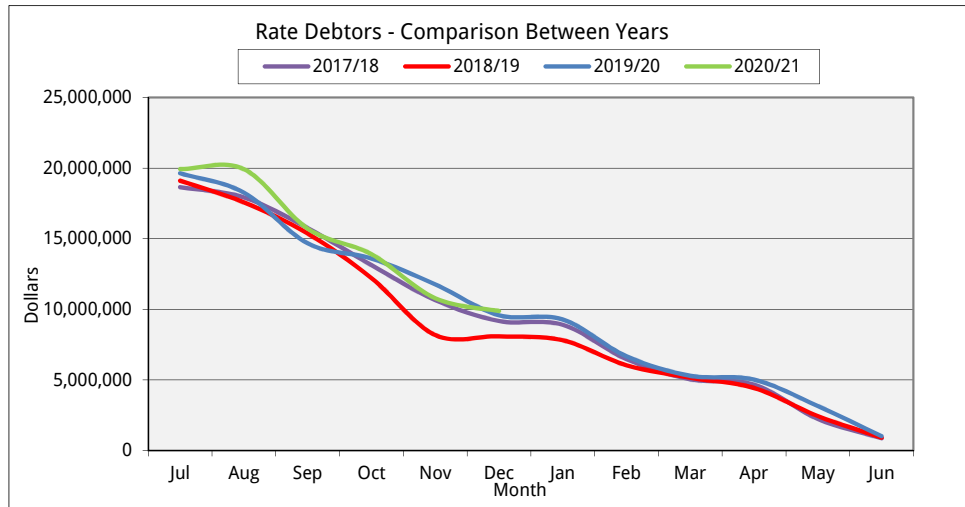
Reserves - Restricted Assets:

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

Discussion:

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

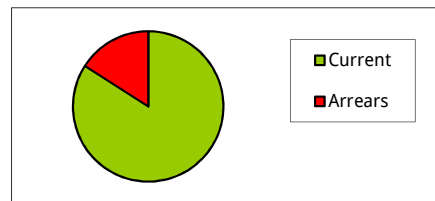
Debtors Reports as at 31 December, 2020



Rates Debtors YTD

Current
Arrears
Total

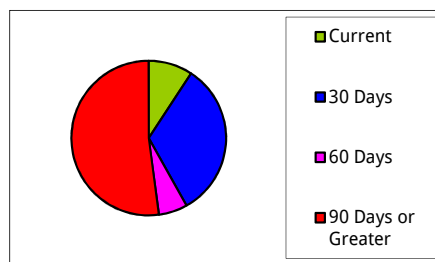
\$	%
8,311,431	84%
1,575,130	16%
9,886,562	100%



Sundry Debtors YTD

Current
30 Days
60 Days
90 Days or Greater
Total

\$	%
56,255	9.2%
199,125	32.7%
36,543	6.0%
317,792	52.1%
609,716	100%



Details:

Current	The majority of the current balance of sundry debtors is made up of income to be recovered from Stawell Athletic Club \$31k together with numerous small balances outstanding for HACC and GCH being \$8.3k and \$7.9k respectively.
30 days	Recovery of income related to capital projects via grant funding from Department of Jobs for Stawell Housing Development (\$100k) and Central Park Power Upgrade (\$83k).
60 days	Balances due on 2 sundry debtors of \$31k and \$3.3k that have been deferred to a later date.
90 Days or Greater	Balances outstanding on 4 sundry debtors relating to Working For Victoria (\$210k); Stawell Cemeteries (\$61k); Wheelie Waste - Community Education Program (\$15k); Ararat Wind Farm (\$12k) and St Arnaud Sports BSL (\$7k).

Loan Report - Budget 2020/2021

Borrowing Principles:

Indebtedness

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

Indebtness Calculation Check 12% ✓

Debt Servicing Costs

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

Debt Servicing Calculation Check 1% ✓

Loans Budgeted 2020/2021:

Principal

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

Expiry of Existing Loans

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

8.3 VAGO Sector Update

Mr Malcolm Lewis discussed the status of the VAGO Local Government Audit update – January 2021.

Attachments

1. VAGO LG sector monthly update - January 2021 [8.3.1 - 16 pages]



Victorian Auditor-General's Office

Local Government audit update — January 2021

Local Government reports currently in progress

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

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Planned Local Government reports

Topic	Overview	Status	Proposed Tabling	Agency(ies)	Link
Fraud control over local government grants	To determine whether fraud and corruption controls over grants in local government are well designed and operating as intended.	Planned	2021-22	<ul style="list-style-type: none"> Hume City Council Knox City Council Loddon Shire Council Southern Grampians Shire Council West Wimmera Shire Council 	https://www.audit.vic.gov.au/report/fraud-control-over-grants-local-government
Supplying and using alternative water sources	To assess whether responsible agencies are increasing the use of alternative water sources to meet future demand.	Planned	2020-21	<ul style="list-style-type: none"> Department of Environment, Land, Water and Planning Environmental Protection Authority Victoria Barwon Water City of Greater Geelong 	https://www.audit.vic.gov.au/report/supply-and-use-alternative-urban-water-sources
Fraud and corruption risk in local government procurement	To determine whether fraud and corruption controls over local government procurement are well-designed and operate as intended.	Planned	2022-23	<ul style="list-style-type: none"> Banyule City Council Hepburn Shire Council Municipal Association of Victoria Mitchell Shire Council Nillumbik Shire Council Wodonga Regional City Council 	https://www.audit.vic.gov.au/report/fraud-and-corruption-risk-local-government-procurement
Food safety regulation in local government	To determine whether councils' administration of food safety regulation ensures legislative compliance and supports public health.	Planned	2023-24	<ul style="list-style-type: none"> Department of Health and Human Services A selection of local councils 	https://www.audit.vic.gov.au/report/food-safety-regulation-local-government

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Topic	Overview	Status	Proposed Tabling	Agency(ies)	Link
Effectiveness of the Enhanced Maternal and Child Health Program	To determine whether the Enhanced Maternal and Child Health (EMCH) Program leads to improved access, participation, and outcomes for vulnerable children and their families targeted by the program.	Planned	2021-22	<ul style="list-style-type: none"> Department of Health and Human Services Department of Education and Training Municipal Association of Victoria City of Casey Hobsons Bay City Council Mildura Rural City Council South Gippsland Shire Council Yarra City Council 	https://www.audit.vic.gov.au/report/effectiveness-enhanced-maternal-and-child-health-program
Managing the impact of deer	To determine the extent to which invasive deer species are managed to protect biodiversity values.	Planned	2021-22	<ul style="list-style-type: none"> Alpine Shire Council Department of Environment, Land, Water and Planning Department of Jobs, Precincts and Regions Game Management Authority Mansfield Shire Council Murrindindi Shire Council Parks Victoria 	https://www.audit.vic.gov.au/report/managing-impact-deer
Implementing Plan Melbourne 2017-50	To determine whether actions to implement Plan Melbourne 2017–50 are sustained and coordinated at a state-wide, regional, and local level.	Planned	2021-22	<ul style="list-style-type: none"> Department of Environment, Land, Water and Planning Department of Jobs, Precincts and Regions Victorian Planning Authority Maroondah City Council Moonee Valley City Council 	https://www.audit.vic.gov.au/report/implementing-plan-melbourne-2017-50
Developing Fishermans Bend	To determine whether planning and early development of Fishermans Bend supports the delivery of the development’s objectives.	Planned	2022-23	<ul style="list-style-type: none"> Department of Environment, Land, Water and Planning Development Victoria 	https://www.audit.vic.gov.au/report/developing-fishermans-bend

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Topic	Overview	Status	Proposed Tabling	Agency(ies)	Link
				<ul style="list-style-type: none"> Department of Jobs, Precincts and Regions Melbourne City Council Port Phillip City Council 	
Council waste management services	To determine whether councils' waste management services are achieving value for money.	Planned	2021-22	<ul style="list-style-type: none"> Ballarat City Council Bayside City Council Department of Environment, Land, Water and Planning Grampians Central West Waste and Resource Recovery Group Greater Dandenong City Council Melbourne City Council Metropolitan Waste Resource and Recovery Group Sustainability Victoria 	https://www.audit.vic.gov.au/report/delivering-local-government-services-waste-management-services
Regulation of council building approvals in local government	To determine whether council regulation of building activity ensures that safety and amenity requirements are met and council assets are protected.	Planned	2022-23	<ul style="list-style-type: none"> Manningham City Council Monash City Council Surf Coast Shire Council Wangaratta Rural City Council Wyndham City Council 	https://www.audit.vic.gov.au/report/regulation-council-building-approvals-local-government
Hazardous waste management	To determine whether responsible agencies' control and regulation of hazardous waste has reduced inappropriate disposal.	Planned	2022-23	<ul style="list-style-type: none"> Department of Environment, Land, Water and Planning Environment Protection Authority Victoria Maribyrnong City Council Metropolitan Waste Resource Recovery Group Sustainability Victoria Whittlesea City Council 	https://www.audit.vic.gov.au/report/hazardous-waste-management-0

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Topic	Overview	Status	Proposed Tabling	Agency(ies)	Link
				<ul style="list-style-type: none"> WorkSafe Victoria 	
Managing land-use buffers	To determine whether the management of land-use buffers is promoting public health, safety and liveability.	Planned	2022-23	<ul style="list-style-type: none"> Department of Environment, Land, Water and Planning Environment Protection Authority Victoria A selection of councils in growth corridors 	https://www.audit.vic.gov.au/report/managing-land-use-buffers
Road congestion and public transport	To determine whether regulatory interventions for road-based public transport on congested roads are working as planned.	Planned	2022-23	<ul style="list-style-type: none"> Department of Transport Victoria Police A selection of local councils 	https://www.audit.vic.gov.au/report/road-congestion-and-public-transport

Local Government reports tabled within the previous 6 months

Topic	Overview	Status	Tabled	Agency(ies)	Link
Sexual harassment in local government	To determine whether local government authorities provide workplaces free from sexual harassment.	Completed	9 December 2020	<ul style="list-style-type: none"> Ararat Shire Council Corangamite Shire Council Frankston City Council Latrobe Rural City Moreland City Council 	https://www.audit.vic.gov.au/report/sexual-harassment-local-government
Early years management in Victorian sessional kindergartens	To determine whether the Department of Education and Training (DET) has supported organisations managing sessional kindergartens to meet the outcomes of the <i>Early Years Management Policy Framework</i> .	Completed	15 October 2020	<ul style="list-style-type: none"> Department of Education and Training Glen Eira City Council Early Childhood Management Services Inc Glen Eira Kindergarten Association Greater Shepparton City Council Goulburn Region Pre-School Association Inc 	https://www.audit.vic.gov.au/report/early-years-management-victorian-sessional-kindergartens

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Topic	Overview	Status	Tabled	Agency(ies)	Link
				<ul style="list-style-type: none"> • City of Whittlesea • TRY Australia Children's Services • Goodstart Early Learning Ltd 	
Reducing bushfire risk	To assess whether responsible agencies are effectively working together to reduce Victoria's bushfire risk.	Completed	14 October 2020	<ul style="list-style-type: none"> • Department of Environment, Land, Water and Planning • Parks Victoria • Country Fire Authority • Department of Justice and Community Safety • Energy Safe Victoria • Murrindindi Shire Council • City of Whittlesea • East Gippsland Shire Council 	https://www.audit.vic.gov.au/report/reducing-bushfire-risks
Victoria's Homelessness Response	To examine the implementation of key elements of the state government's \$45 million HRSAP. <i>*This report does not scope Local Councils but concerns areas affecting local councils regarding Homelessness.</i>	Completed	17 September 2020	<ul style="list-style-type: none"> • Department of Health and Human Services • Port Phillip City Council • Other local councils 	https://www.audit.vic.gov.au/report/victorias-homelessness-response?section=33621--4-performance-monitoring&show-sections=1#33621--4-performance-monitoring

Other Integrity and Local Government Related Bodies update — January 2021

Local Government reports currently in progress

Topic	Overview	Status	Proposed Publishing	Link
Independent Broad-based Anti-corruption Commission				
Operation Sandon	IBAC is holding public examinations into allegations of serious corrupt conduct in relation to planning and development decisions at the City of Casey council.	In Progress	To be advised	https://www.ibac.vic.gov.au/investigating-corruption/IBAC-examinations/operation-sandon
Victorian Ombudsman				
Investigation launched into how councils are responding to ratepayers in financial hardship	In light of the COVID-19 pandemic, Victorian Ombudsman has begun investigating how Victoria's 79 local councils are responding to ratepayers in financial hardship. The investigation will focus on assistance for residential ratepayers in relation to their primary residence, as well as farmers.	In Progress	To be advised	https://www.ombudsman.vic.gov.au/our-impact/news/investigation/

Local Government reports prepared within the previous 6 months

Topic	Overview	Status	Published	Link
Victorian Local Government and Minister for Local Government				
Victorian Local Government Rating System Review	The Victorian Government is conducted a full review into the Victorian Local Government Rating System. The report provided a list of 56 recommendation to be considered for the Victorian Local Government Rating System.	Completed	December 2020	https://www.localgovernment.vic.gov.au/council-governance/victorian-local-government-rating-system-review https://engage.vic.gov.au/rating-review

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Topic	Overview	Status	Published	Link
Victorian Ombudsman				
Investigation into the detention and treatment of public housing residents arising from a COVID-19 'hard lockdown' in July 2020 (Included consultation from City of Melbourne and City of Moonee Valley councils over the course of investigations)	<p>The Ombudsman's investigation found that the detention of people at 33 Alfred St, North Melbourne appeared to contravene <i>Charter of Human rights</i> and that DHHS failed to provide people there timely information about their detention.</p> <p>The Ombudsman's recommendations included that Victorian Government should apologise for the harm or distress caused by immediate lockdown and amend the Public Health and Wellbeing Act 2008 to include greater safeguards wound use of emergency detention powers, and that DHHS should ensure appropriate COVID-19 outbreak prevention, preparation and response measures are in place for other sensitive accommodation settings.</p>	Completed	December 2020	https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/investigation-into-the-detention-and-treatment-of-public-housing-residents-arising-from-a-covid-19-hard-lockdown-in-july-2020/#full-report
Investigation into credit card use at Warrnambool City Council	The conclusion of this investigation is that while there is evidence of lax practises by staff and poor judgement by some in senior management, credit card misuse was not widespread. Serious misuse was limited to one individual, although the level of abuse was greater than had been exposed or admitted to, in some instances also suggesting a deliberate intention to deceive.	Completed	October 2020	https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/investigation-into-corporate-credit-card-misuse-at-warrnambool-city-council/
Investigation into review of parking fines by the City of Melbourne	<p>It is estimated over 1,200 motorists were affected by a PayStay mistake, which the council could easily have checked when the driver requested a review. These mistakes were caused when number 0 and letter O were virtually indistinguishable on registration plates, and drivers would not be aware they had made an error.</p> <p>The investigation concludes the key issue in the investigation was not about particular of codes of conduct, but problematic attitudes and culture which appear to have been generated or endorsed by senior management of the Council.</p>	Completed	September 2020	https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/investigation-into-review-of-parking-fines-by-the-city-of-melbourne/#letter-to-the-legislative-council-and-the-legislative-assembly

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Topic	Overview	Status	Published	Link
Local Government Inspectorate				
Councillor expenses and allowances: equitable treatment and enhanced integrity	<p>An Inspectorate project reviewing support provided to elected councillors has built a picture of the varied approaches to councillor resources and expense reimbursement procedures across the state. The project assessed what support is provided to councillors, levels of satisfaction with this support and what improvements could be made in relation to support/resources.</p> <p>The project also examined what kinds of expenses are being claimed and how expenses policies are working in practice with a view to recommending improvements to the expenses process to better meet community expectations.</p>	Completed	September 2020	https://www.lgi.vic.gov.au/councillor-expenses-and-allowances-equitable-treatment-and-enhanced-integrity

Active Council governance matters as at date:

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

Interstate Audits update—January 2021

Local Government reports currently in progress and planned

Topic	Objective(s)	Status	Proposed Tabling	Agency(ies)	Link
New South Wales					
Business continuity and disaster recovery planning	This audit will examine the effectiveness of business continuity planning processes in a selection of local councils in preparing these organisations for recent emergency events.	Planned	2020-21	<ul style="list-style-type: none"> A selection of local councils 	https://www.audit.nsw.gov.au/our-work/reports/business-continuity-and-disaster-recovery-planning
Council annual charges	This audit could examine selected common charges across a number of councils to understand what is driving the variability in charges for the common services, that vary greatly between councils.	Planned	2020-21	<ul style="list-style-type: none"> A selection of local councils 	https://www.audit.nsw.gov.au/our-work/reports/council-annual-charges
Local Government 2020	This report will bring together findings and recommendations from our 2019–20 financial audits of local councils and will comment on financial reporting and sustainability, internal controls and governance, and areas of interest that are in focus during the conduct of our audits.	Planned	2020-21	<ul style="list-style-type: none"> NSW local councils 	https://www.audit.nsw.gov.au/our-work/reports/local-government-2020

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

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Topic	Objective(s)	Status	Proposed Tabling	Agency(ies)	Link
				<ul style="list-style-type: none"> A selection of local councils 	
Queensland Floods Commission of Enquiry	This audit will assess whether Queensland is better able to prevent and prepare for floods following the Queensland Floods Commission of Inquiry.	Planned	2021-22	<ul style="list-style-type: none"> Department of Natural Resources, Mines and Energy Department of Environment and Science Department of State Development, Manufacturing, Infrastructure and Planning Queensland Reconstruction Authority A selection of local councils 	https://www.qao.qld.gov.au/audit-program
Managing conflicts of interest in Local Government	This audit will assess how effectively councils manage and respond to conflicts of interest.	Planned	2022-23	<ul style="list-style-type: none"> A selection of local councils 	https://www.qao.qld.gov.au/audit-program
Maintaining strong and prosperous regions	This audit will assess the Queensland Government's effectiveness in progressing the goals for strong and prosperous regions in its Queensland Plan.	Planned	2022-23	<ul style="list-style-type: none"> Department of Local Government, Racing and Multicultural Affairs Selection of local councils 	https://www.qao.qld.gov.au/audit-program
Transport service contracts	This audit will assess whether transport service contracts are managed effectively to meet the government's transport objectives, maximise value for money and meet community needs.	Planned	2022-23	<ul style="list-style-type: none"> Department of Transport and Main Roads A selection of local councils 	https://www.qao.qld.gov.au/audit-program

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Topic	Objective(s)	Status	Proposed Tabling	Agency(ies)	Link
Local government entities: 2022	This audit will summarise the results of our financial audits of the Queensland councils and the related entities they control that produced financial statements at 30 June.	Planned	2022-23	<ul style="list-style-type: none"> A selection of local councils 	https://www.qao.qld.gov.au/audit-program
Managing Invasive species	This audit will assess how effectively the Department of Agriculture and Fisheries is managing invasive species.	Planned	2022-23	<ul style="list-style-type: none"> Department of Agriculture and Fisheries Department of Environment and Science Department of Natural Resources, Mines and Energy Selection of local councils 	https://www.qao.qld.gov.au/audit-program
Western Australia					
DLGSC's regulation and support of local government	This audit will assess whether the Department of Local Government, Sport and Cultural Industries effectively regulates and supports local government entities.	In Progress	2020-21	<ul style="list-style-type: none"> Selection of local councils 	https://audit.wa.gov.au/audit-in-wa/audit-program/
Audit Results Report – Annual 2019-20 Financial Audits of Local Government Entities	This report will summarise the results of annual audits of local government entities' annual financial reports, and their compliance with applicable legislation for the financial year ending 30 June 2020.	In Progress	2020-21	<ul style="list-style-type: none"> 112 local government entities 	https://audit.wa.gov.au/audit-in-wa/audit-program/
Safe and Viable cycling in the Perth and Peel region	The objective of the audit is to assess the effectiveness of LG entities in improving the Perth and Peel cycling network and follow-up recommendations from our 2015 performance audit <i>Safe and Viable Cycling in the Perth Metropolitan Area</i> .	In Progress	2020-21	<ul style="list-style-type: none"> Local government entities Department of Transport (DoT) 	https://audit.wa.gov.au/audit-in-wa/audit-program/

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Topic	Objective(s)	Status	Proposed Tabling	Agency(ies)	Link
State of Cyber security in local government entities	The objective of this audit is to determine if local government entities are effectively managing cyber security.	In Progress	2020-21	<ul style="list-style-type: none"> Local government entities 	https://audit.wa.gov.au/auditin-g-in-wa/audit-program/
Tasmania					
Council general manager recruitment, appointment and performance assessment	This audit will assess recruitment processes, contractual and remuneration arrangements and performance assessment for council general managers.	Planned	2021-22	<ul style="list-style-type: none"> A selection of local councils 	https://www.audit.tas.gov.au/wp-content/uploads/Annual-Plan-of-Work-2020-21.pdf
Council Procurement - Report 3	<p>This audit will assess whether procurement of goods and services by councils is being undertaken in accordance with the:</p> <ul style="list-style-type: none"> Local Government Act 1993 Local Government (General) Regulations 2015 Council's Code for Tenders and Contracts <p>Council's internal policies, procedures and manuals</p>	Planned	2021-22	<ul style="list-style-type: none"> A selection of local councils 	https://www.audit.tas.gov.au/wp-content/uploads/Annual-Plan-of-Work-2020-21.pdf
Managing landfills	<p>This audit will examine whether the Environmental Protection Authority's (EPA) current regulatory approach is appropriately administered, is being complied with and has been effective in providing assurance that landfills are not leading to adverse human health and environmental impacts, both currently and for future generations.</p> <p>This audit will examine the activities of the EPA and a sample of councils and joint authorities that own and operate landfills</p>	Planned	2020-21	<ul style="list-style-type: none"> Environmental Protection Authority Department of Primary Industries, Parks, Water and Environment Selected Councils and Joint Authorities 	https://www.audit.tas.gov.au/wp-content/uploads/Annual-Plan-of-Work-2019-20.pdf

Local Government reports tabled within the previous 3 months

Topic	Overview	Status	Tabled	Agency(ies)	Link
New South Wales					
Procurement management in Local Government	<p>This audit assessed how effectively procurement is managed in a sample of six councils across metropolitan, regional and rural New South Wales. The audit found all six councils had procurement management policies and procedures that were consistent with the legislative requirements for sourcing and assessing tender offers.</p> <p>Audit also found that there were opportunities for councils to improve procurement management to mitigate risks to transparency, accountability and value for money as there were common gaps found in councils' procurement management. These gaps expose risks to councils' ability to demonstrate their procurements are justified, well managed, delivering to expectations, and achieving value for money.</p>	Completed	December 2020	<ul style="list-style-type: none"> Cumberland City Council Georges River Council Lockhart Shire Council Tweed Shire Council Waverley Council Wollongong City Council 	https://www.audit.nsw.gov.au/our-work/reports/procurement-management-in-local-government
Western Australia					
COVID-19 Relief Fund	This audit assessed whether Lotterywest and the Department of Local Government, Sports and Cultural Industries implemented effective governance and assessment arrangements for Phase 1 of the COVID-19 Relief Fund.	Completed	December 2020	<ul style="list-style-type: none"> The Lotteries Commission (Lotterywest) Department of Local Government, Sports and Cultural Industries (DLGSC) 	https://audit.wa.gov.au/reports-and-publications/reports/covid-19-relief-fund/

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Topic	Overview	Status	Tabled	Agency(ies)	Link
	<p>The audit found the application assessment, approval and payment arrangements were sound, and were followed by Lotterywest and DLGSC and despite the Fund being implemented quickly, there was a strong focus on establishing sound governance and risk management arrangements. However, audit found that more attention could have been given by Lotterywest to defining the Phase 1 expected outcomes. For future phases of the Fund, Lotterywest could also improve how it manages conflicts of interest and both entities should ensure that all key decisions are recorded appropriately.</p>				
Regulating Minor Pollutants	<p>This audit assessed if the Department of Water and Environmental Regulation (DWER) and local government entities (LG entities) effectively regulate the unauthorised discharge of minor pollutants by businesses that do not require a licence (operators).</p> <p>The audit found that DWER does not adequately consider risks from businesses that do not require a licence, DWER unduly relies on LG entities to voluntarily engage with and regulate operators and DWER could improve its approach for managing complaints and monitoring operators</p>	Completed	November 2020	<ul style="list-style-type: none"> Department of Water and Environmental Regulation Local government entities 	https://audit.wa.gov.au/reports-and-publications/reports/minor-pollutants/findings/
Tasmania					
Procurement in Local Government.	<p>The objective of the audit was to form reasonable assurance on three council's compliance with their procurement and reporting obligations under their respective code, the LGA and LGR (the requirements).</p> <p>Two of the three councils obtained a qualified opinion and the third obtained an adverse opinion.</p>	Completed	December 2020	<ul style="list-style-type: none"> Break O' Day Council Derwent Valley Council Glamorgan Spring Bay Council 	https://www.audit.tas.gov.au/publication/procurement-in-local-government/

9 Internal and external audits

No agenda items.

10 Compliance

10.1 Local Government Act 2020

Mr Malcolm Lewis discussed the launch, on Friday 26 February 2021, of the following documents that are now a mandatory requirement of the Local Government Act 2020. The documents include Better Practices Guides and templates are as follows:

- Model Financial Plan
- Revenue and Rating Plan
- Model Budget

[Integrated Strategic Planning and Reporting Framework: Local Government Act 2020: Engage Victoria](#)

Attachments

Nil

11 Next Meeting

The next meeting is scheduled to be held June 2021 – date to be confirmed.

12 Close

The meeting closed approximately 10.45am.

Liana Thompson
Chief Executive Officer