



Rural City of  
**Wangaratta**

# Minutes

For the Audit and Risk Committee Meeting  
Council Chamber, Municipal Offices  
62-68 Ovens Street, Wangaratta **15 February 2022**



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## 1. Welcome

The meeting opened at 3:02pm.

We acknowledge the traditional owners of the land on which we are meeting. We pay our respects to their Elders past, present and emerging and to Elders from other communities who may be here today.

## 2. Present/Absent/Apologies

### Committee Members present

Ms Gayle Lee – Chairperson, Cr Harry Bussell – Deputy Mayor, Mr Vito Giudice, Mr Gavan Nolan, Ms Rowan O’Hagan, Cr Dean Rees - Mayor

### Auditors present

Brad Ead – Internal Audit, Partner AFS & Associates, Danielle MacKenzie – External Audit, Partner Crowe

### Council Officers present

Brendan McGrath – Chief Executive Officer, Sarah Brindley – Director Corporate Services, Marcus Goonan – Director Infrastructure Services, Claire Barnes – Manager Finance, Robin Gardner – Manager People and Governance, Chris Molyneaux – Management Reporting Coordinator, John Williams – OHS Officer, Andrew Scoffern – Governance and Reporting Advisor

## 3. Confirmation of Minutes

**(Moved: Ms Rowan O’Hagan, Seconded Mr Gavan Nolan)**

That Council read and confirm the Minutes of the Ordinary Meeting of 8 December 2021 as a true and accurate record of the proceedings of the meeting.

**Carried**

## 4. Conflict of Interest Disclosure

Nil conflicts of interest disclosed

## 5. Business Arising

### 5.1 Committee action items and annual work plan

Meeting Type: Audit and Risk Committee Meeting  
Date of Meeting: 15 February 2022  
Author: Governance and Reporting Advisor  
File No: IC22/26  
Presenters:

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Purpose

To review the status of committee meeting action items and work plan.

#### Executive Summary

All 4 outstanding committee meeting actions have been completed.

The exceptions to the annual work plan agenda items for this meeting are:

1. Compliance review of the CEO employment & remuneration policy
2. Compliance review of the Council staff gift policy
3. Compliance review of the Council staff code of conduct
4. Third party compliance audit reports other than the Life Saving Victoria Wangaratta Sports & Aquatic Centre audit

#### (Moved: Mr Vito Giudice, Seconded Mr Gavan Nolan)

That the Audit and Risk Committee:

1. Notes the status of committee meeting actions.
2. Notes the exceptions to planned agenda items for this meeting.

**Carried**

#### Status of due committee meeting actions

The status of the 4 outstanding committee meeting actions is provided in **Attachment 1**.

All 4 outstanding committee meeting actions have been completed.

#### 2022 Work Plan changes for this meeting

The 2022 annual work plan has been updated (**Attachment 2**) and items for this meeting are highlighted.

The exceptions to the annual work plan agenda items for this meeting are:

1. The compliance review of the CEO employment & remuneration policy was completed at the 8 December 2021 committee meeting.
2. The compliance review of the Council staff gift policy was completed at the 8 December 2021 committee meeting.
3. The compliance review of the Council staff code of conduct was completed at the 8 December 2021 committee meeting.
4. There were no third party compliance audit reports other than the Life Saving Victoria Wangaratta Sports & Aquatic Centre audit which has been included in the agenda for this meeting.

### 2022 Annual Work Plan

The *Local Government Act 2020* (the Act) requires that the committee adopt an annual work program.

The annual work program establishes the committee's meeting schedule and activities that will contribute to meeting its functions and responsibilities set out in the Act and in its charter).

The annual work program for 2022 (**Attachment 2**) provides for activities that meet the requirements of the Act and committee charter including:

- monitoring the compliance of council policies and procedures
- monitoring Council financial and performance reporting
- monitoring and providing advice on risk management and fraud prevention
- overseeing internal and external audit

Four further meetings are planned for 2022 – 14 June, 16 August, 20 September and 6 December.

### Attachments

- 1 Committee actions due
- 2 Audit and risk committee annual work plan 2022

## 6. Reports

### 6.1 CEO strategic & emerging risks report

Meeting Type: Audit and Risk Committee Meeting  
Date of Meeting: 15 February 2022  
Author: Governance and Reporting Advisor  
File No: IC22/27  
Presenters:

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Purpose

To assist the committee to monitor the risk exposure of Council including the status of strategic and emerging risks, industry risks, major lawsuits and compliance investigations.

#### Executive Summary

Strategic risks have been reviewed by senior management (**Attachment 1**). Good progress is being made to reduce strategic risks with financial sustainability and asset management revised to medium and decreasing risk ratings. The remaining three high rated risks are environmental change, information management and fraud and corruption. Medium and low rated risks are shown in **Attachment 2**.

The following report highlights the status of major emerging strategic business risks including COVID-19 business continuity impacts and capital project cost escalation.

There are no major lawsuits or current, reportable compliance investigations involving council.

AFS and Associates has provided an industry update (**Attachment 3**).

**(Moved: Mr Vito Giudice, Seconded Ms Rowan O'Hagan)**

That the Audit & Risk Committee notes the report.

**Carried**

#### DISCUSSIONS

The Committee discussed issues surrounding business continuity during Covid and noted that particular attention had to be paid to critical services that had to remain operational throughout, including waste collection. The impact on childcare was raised due to the heightened risks Covid provides in that area.

The separation of Council's Risk Register into operational and strategic risks was also raised. It was noted that there is an action for 2022/23 in the Council Plan for the development of operational risk registers which will provide the opportunity to conduct this review.

### Background

The committee is required to monitor and provide advice to council on risk management.

### Strategic risks

Senior management have reviewed and updated the Strategic Risk Register. Refer to **Attachment 1** for an excerpt showing the high and extreme risks.

Good progress is being made to reduce strategic risk with financial sustainability and asset management revised to a medium and decreasing risk rating.

The remaining three high rated risks are environmental change, information management and fraud and corruption.

Medium and low rated risks are shown in **Attachment 2**.

### Emerging risks

The following provides the summary of the status of key emerging risks and associated mitigations.

#### Capex cost escalation

Construction costs for capital works projects are still increasing, up to 30% YTD in some areas, whilst materials availability and supply chain issues remain as Covid continues to impact global shipping, and workforce availability/materials production from China.

#### Risks

The following key risks of unexpected cost escalations for capital expenditure projects remain:

- If additional funding and/or scope reductions cannot offset cost increases, it may not be possible to deliver all planned capital works projects.
- If project scoping, phasing and funding is not appropriately managed, council's liquidity will deteriorate.
- There is a risk of reputational damage if council has to pull back the scope or delivery of previously planned capex to an extent that does not meet community and user group expectations.

#### Mitigating actions include:

- The scope of a key capital works projects (such as the WSAC expansion) is being reviewed to determine whether we can offset cost increases without diminishing outcomes.
- A proactive review of the 10 Year Financial Plan has been undertaken, with adjustments made to the phasing of certain capital works projects in order to create capacity to fund



anticipated cost increases in the current financial year and to maintain appropriate liquidity levels.

- Communication with state and federal grant funding partners has been undertaken to advocate for increased grant funding to share/fund cost increases – no additional funding has been committed at this point in time.

### **COVID-19 & Business Continuity**

As Covid continues to circulate in the community, a number of RCOW staff have contracted Covid or been identified as close contacts within recent weeks. The risk to business continuity continues should an outbreak occur within the work environment that requires a large proportion of staff to self-isolate. Currently RCOW is seeing approximately five members of staff contracting Covid per week. Children's Services has experienced the most positive cases to date. The highest risk of business continuity issues so far has been within the Waste team due to the service's importance from a public health perspective and the relatively small size of the team.

### **Risks**

The following key risks relate to COVID-19 in a business continuity context:

- Interruption to, or inability to deliver essential front line services (e.g. Home, Aged and Community Care, Maternal Child Health, Children's Services, Waste).
- Loss of income due to inability to deliver commercial services (e.g. Wangaratta Performing Arts & Convention Centre (WPACC); Wangaratta Sports & Aquatics Centre (WSAC)).

### **Mitigating actions include:**

- All staff required to be fully vaccinated (State Government mandate for Local Government sector). An additional mandate for the booster is also now in place for a sub-set of services.
- Majority of office based staff working primarily from home in line with government request
- Council has procured over 2000 Rapid Antigen Tests with more on order, and has received additional RAT kits for essential service teams from State Government. These are being provided to staff in identified roles to help detect Covid early and avoid larger outbreaks (e.g. Children's Services, Home & Aged Care). A risk-based approach has been applied in identifying staff eligible to receive the RAT kits, starting with essential services and then expanding the scope to other customer-facing service roles.
- All customers are still required to be fully vaccinated in certain council venues (WPACC, WSAC, Wangaratta Art Gallery, Library, Visitor Information Centre) unless exceptions apply.
- Enactment of a Government exemption for certain staff in essential roles to be able to continue to attend work if they are identified as a close contact, with prescribed safety measures in place (daily RAT test, N95 face masks, dedicated lunch break space etc).

### **Major lawsuits**

Major lawsuits are defined as those that have a consequence rating of major or catastrophic and have a likelihood rating of likely or almost certain and that are not effectively transferred to a third party or parties.

There are no current or potential major lawsuits involving Council.

### Compliance investigations

Compliance investigations are those conducted by the Independent Broad-based Anti-corruption Commission, Victorian Ombudsman, Victoria Auditor General's Office, Local Government Inspectorate, Victoria Police, other regulatory authorities or by a monitor or commission of inquiry established under the Act.

There are no current, reportable compliance investigations underway involving Council.

### Industry update

AFS & Associates has provided an industry update (**Attachment 3**). It includes information regarding the following key matters:

Item	Implications
White Paper - The Benefits of Addressing ESG Risk	<p>Framework for organisations to assess Environmental, Social and Governance (ESG) risks.</p> <p>Benefits for an organisation may include:</p> <ul style="list-style-type: none"> <li>• improved environmental performance</li> <li>• improved employee health and wellbeing</li> <li>• increased stakeholder engagement</li> <li>• access to alternative funding</li> <li>• improved transparency of supply chain risks</li> <li>• attracting the 'ethical consumer'.</li> </ul>
AGM laws stall - technology for AGMs and signing and sending key documents	<p>Governance Institute update on the status of the legislation proposed to make permanent the temporary measures introduced at the onset of the pandemic regarding holding a legally binding meeting - and signing and sending documents - with social distancing and lockdown measures in place.</p>
Personal interests returns: Encouraging disclosure and increasing transparency	<p>A wide-ranging review of personal interest declarations of Victorian councillors by the Local Government Inspectorate. The review covered 650 councillors at 78 councils between October 2016 and February 2020.</p> <p>Half of the 650 councillors had failed to submit accurate records of their personal interests. While some of these failures were due to minor issues, 2 out of every 5 councillors failed to disclose interests in one or more of their returns – or failed to submit a return at all.</p> <p>The LGI surveyed councillors who were non-compliant and found that many did not understand why declaring their personal interests was important and did not know how to do it. The LGI also identified a lack in guidance on how to complete returns as the guidance material was too legalistic and difficult to understand.</p>

### Attachments

- 1 Strategic risk register
- 2 Strategic risk register - medium and low risks
- 3 AFS Industry Update

UNCONFIRMED

## 6.2 OHS and risk management presentation

Meeting Type: Audit and Risk Committee Meeting  
Date of Meeting: 15 February 2022  
Author: Governance and Reporting Advisor  
File No: IC22/29  
Presenters:

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Purpose

To present an update on Council's occupational health and safety and risk management including the scope and work of the OHS role at Council.

### Executive Summary

Council has significant risk exposures related to occupational health and safety and risk.

The OHS Officer role provides both Insurance Management and Safety & Wellbeing support services to Council. In terms of OHS services, this includes the structure, training and tools to meet Council's vision for Safety – that everyone is safe.

John Williams, OHS Officer will present on the safety structure across Council, a brief summary of incidents, OHS Issues and how they are being controlled/mitigated and the OHS plan for the year. In addition, a brief report will be presented on how the OHS role has supported Council's COVID response.

### Recommendation:

**(Moved Ms Rowan O'Hagan, Seconded Mr Gavan Nolan)**

That the Audit and Risk Committee notes the presentation.

**Carried**

### DISCUSSION

Questions were raised about whether a service would stop/reduce being provided if the work were to take place in a particularly remote or rural environment. Rather than stopping/reducing the service, appropriate risk management and mitigation measures were in place. We need the service to be provided, Council supplies the appropriate environment.

### Attachments

1 OHS presentation

UNCONFIRMED

### 6.3 December 2021 monthly finance report

Meeting Type:	Audit and Risk Committee Meeting
Date of Meeting:	15 February 2022
Author:	Manager Finance
File No:	IC22/92
Presenters:	Manager Finance

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

#### Executive Summary

This report is presented to the Audit Advisory Committee to provide an update of Council's year to date financial performance and projected full year financial position.

#### Recommendation:

**(Moved Cr Dean Rees, Seconded Ms Rowan O'Hagan)**

That the Audit and Risk Committee receives and notes the:

1. December 2021 Monthly Finance Report, including
  - a. The increase to accounting surplus of \$418k;
  - b. The increase to capital works expenditure of \$1.796 million
2. The status of Aged Debtors as at 30 December 2021

**Carried**

#### Background

Council has scheduled the Quarter Two Forecast Review to be completed as at 31 January 2022 due to resourcing and the impact of the system upgrade in December 2021. As such, the December 2021 Monthly Finance Report is presented to the Audit and Risk Committee for noting.

The December 2021 Monthly Finance Report projects a \$418k improvement to the 2021/22 operating surplus, and a \$196k improvement to the adjusted underlying position compared to the Quarter 1 Forecast Review.

The Capital Works Program forecast budget has increased by \$1.795 million, to \$30.291 million.

#### Comprehensive Income Statement

The December 2021 Monthly Finance Report projects a \$418k improvement to the 2021/22 accounting surplus. Once capital related income is excluded, the overall impact is a projected \$196k improvement to Council's underlying operating position.

Total projected income has increased by \$571k to \$83.536 million. This projected increase is largely due to additional operating grants of \$272k and capital grants of \$162k, as detailed in the Income Statement in Attachment 1.

Total projected expenditure has increased by \$153k largely due to additional expenditure relating to the Gun Club Rehabilitation project \$140k.

Commentary discussing year to date budget performance is contained within Attachment 1.

### Statement of Capital Works

As at 31 December 2021 \$6.612 million of the capital works program had been delivered, with a further \$9.681 million of commitments in place.

Year to date variances mostly exist within the following asset classes:

- Plant and Equipment \$445k – largely due to inaccurate phasing of the purchase of a trommel for the Organics Facility. This is currently out for EOI.
- Waste Management – largely due to inaccurate phasing of the Bowser Cell 6 Construction. This contract has been awarded.
- Recreation, Leisure and Community Facilities – due to delayed completion of the Regional Playspace.

The capital works forecast has increased by \$1.795 million, to \$30.291 million. This increase is mostly due to:

- \$1.524 million increase for the Ned Kelly Glenrowan Project, reflective of the significant cost escalations currently being experienced.
- \$225k increase to the addition of the Aerodrome Wildlife Fencing Project which is subject to 1:1 funding.

Following recent cost escalation, officers staggered the approach to the tendering of contracts for projects including MacKay Street Reconstruction, Old School Road and the Merriwa Park Retaining Wall, to give Council greater ability to respond to and reprice based on any continued escalation. As a result, delivery of these projects may be delayed.

Officers continue to monitor delivery risks within the budget, with contractor availability and weather posing the greatest threat. The February Council Meeting will see award of further contracts bringing the total of actuals and commitments close to \$24 million.

### Aged Debtors

#### Trade and Other Receivables – 31 December 2021

			Council	
			2022 YTD <sup>▼</sup>	2021
			\$'000	\$'000
<b>Current</b>				
Rates and garbage debtors			17,750	1,185
Fire services property levy			1,592	172
Cemetery			68	49
Net GST receivable			393	384
Parking and animal infringement debtors			890	779
Less provision for doubtful debts - parking infringements			- 320	- 340
Interest on rates and garbage receivable and investments			61	44
<b>Non statutory receivables</b>				
Livestock Exchange			-	-
Other debtors			2,068	3,320
Less provision for doubtful debts - other debtors			- 103	- 103
<b>Total trade and other receivables</b>			<b>22,399</b>	<b>5,489</b>

Rates and garbage debtors outstanding as at 30 December 2021 totalled \$17.75 million, compared to \$16.94 million at the same time in 2020.

Council has resumed recovery activities with relation to rates debtors, with 220 new accounts totalling \$483k referred for debt recovery in January. Of the \$1.926 million that is currently overdue, \$931k is with Council's contracted debt collectors for recovery. The balance forms part of payment arrangements, hardship cases (5 totalling \$30k) and accounts within Council's recovery cycle below thresholds for referral.

Sundry debtor aged balances as at 30 December 2021 are as follows:

Sundry Debtors	Current	30 Days	60 Days	90 Days +	TOTAL
\$'000					
	638	43	17	782	<b>1,480</b>

The greater than 90 days balance includes a \$550k invoice to DELWP for the Gun Club Rehabilitation project that was subsequently paid in January 2022.

## Conclusion

Council's December 2021 Monthly Finance Report comparing year to date performance against budget and projected forecast variances is presented to the Audit and Risk Committee for their review, along with the Trade and Other Receivables reconciliation.

## Attachments

- December 2021 Monthly Finance Report



## 6.4 VAGO audit strategy & VAGO audit actions status

Meeting Type:	Audit and Risk Committee Meeting
Date of Meeting:	15 February 2022
Author:	Manager Finance
File No:	IC22/36
Presenters:	Claire Barnes

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Executive Summary

The purpose of this report is to provide an update on the status of the VAGO Audit Strategy and VAGO Audit Actions.

#### (Moved Mr Vito Giudice, Seconded Ms Rowan O'Hagan)

That the Audit and Risk Committee notes the draft VAGO Audit Strategy and VAGO Audit Actions status.

**Carried**

### VAGO audit strategy

Under the *Audit Act 1994*, the Auditor-General is required to form an opinion on Council's financial report, performance statement and the Wangaratta Livestock Exchange Pty Limited and provide a copy of the audit report to the responsible minister. Crowe's have been appointed by the Victorian Auditor General to undertake this audit on behalf of the Auditor-General.

Crowe's have prepared a draft Audit Strategy Memorandum for the financial year ended 30 June 2022, which provides an overview of their proposed approach to the audit of Council and the Wangaratta Livestock Exchange Pty Limited. The strategy will identify key aspects and risks for Council's audit and details the impact on their audit approach. These key aspects are expected to include the following key risks and areas of audit focus:

#### Financial Statements

- valuation of property, infrastructure, plant and equipment
- impact of COVID-19
- landfill rehabilitation provision
- IT Security, IT System Changes

#### Performance Statement

- The performance statement may not be prepared in accordance with applicable legislative requirements

The Audit Strategy Memorandum is still in draft and may be subject to change due to:

- Provision of the final Local Government template from VAGO (pending)

- Changes from finalisation of audit planning arising from the review of planning documentation and the planning meeting (scheduled)
- VAGO's review of the draft document.

Interim audit has been scheduled for the week beginning 26 April 2022.

#### VAGO audit actions status

There are six open VAGO audit actions, four rated medium risk and two low risk.

One medium risk item has been completed and it is expected that this will be closed by the auditors at the 2022 interim audit. The remaining medium risk actions are in progress. One low risk action is overdue but in progress.

Refer to Attachment 2 for actions that are due.

Refer to Attachment 3 for future dated actions.

#### Attachments

- 1 2022 Draft Audit Strategy
- 2 VAGO audit actions due
- 3 VAGO audit actions future dated

## 6.5 Council plan strategic indicators and actions update

Meeting Type:	Audit and Risk Committee Meeting
Date of Meeting:	15 February 2022
Author:	Governance and Reporting Advisor
File No:	IC22/31
Presenters:	

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Purpose

To present the 2021-22 quarter 2 update for Council Plan strategic indicators and actions.

### Executive Summary

249 council plan actions are to be completed (**Attachment 1**). As at the end of quarter 2, 5 actions were complete, 21 were 51-99% complete, 99 were 26-50% complete, 67 were 1-25% complete and 57 were yet to commence.

There are 14 council plan strategic indicators that can be reported on a quarterly basis. As at the end of Quarter 2, 8 were meeting or exceeding target (**Attachment 2**). Several measures have been impacted by the restrictions implemented by the State Government to control the spread of COVID-19. The easing of these restrictions has led to an improvement in some indicators.

### Moved Mr Gavan Nolan, Seconded Mr Vito Giudice)

That the Audit & Risk Committee notes the report.

**Carried**

### DISCUSSION

Councillors identified 8 key priorities and initiatives that were of highest priority for them and discussions were had around whether Council could rank or prioritise this list to ensure the most pressing items were actioned as a priority.

### Background

The committee is required by the *Local Government Act 2020* to monitor Council performance reporting.

Each year, Council sets out in the council plan, strategic objectives, strategies for achieving the strategic objectives and strategic indicators for monitoring achievement of the strategic objectives. The council plan also lists actions planned to support delivery of the strategic objectives.

## Status reports

Two status reports are provided.

The first report is the Council Plan Actions Status Report (**Attachment 1**). The report lists 249 actions to be completed with the following results:

- 5 were complete (3 last quarter)
- 244 were not yet complete:
  - 21 were 51- 99% complete (3 last quarter)
  - 99 were 26-50% complete (18 last quarter)
  - 67 were 1-25% complete (149 last quarter)
  - 57 have yet to commence (76 last quarter)

The second report is the Council Plan Strategic Indicators Status Report (**Attachment 2**) which provides the year to date quarter 2 results for those strategic indicators.

There are 14 strategic indicators that can be reported quarterly with the following quarter 1 results:

- 8 measures were meeting or exceeding the target
- 6 measures were below target

Note that the remaining indicators which are not reported against only have annual target (e.g. where the actual result is obtained upon completion of the annual community survey). These indicators have still been included for reference.

Several indicators have been impacted by the restrictions implemented by the State Government to control the spread of COVID-19. The easing of these restrictions has led to an improvement in some indicators.

## Attachments

- 1 Council plan actions
- 2 Council plan strategic indicators

## 6.6 Environmental management and sustainability internal audit report

Meeting Type:	Audit and Risk Committee Meeting
Date of Meeting:	15 February 2022
Author:	Governance and Reporting Advisor
File No:	IC22/229
Presenters:	

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Purpose

To present the findings and management responses for the environmental management and sustainability internal audit report.

### Executive Summary

Council endorsed an Environmental Sustainability Strategy (ESS) on 1 July 2021. The ESS establishes actions to reduce impacts and improve environmental outcomes across six priority areas including:

- biodiversity
- built environment
- greenhouse gas emission and energy reduction
- healthy waterways
- sustainable communities
- waste reduction and resource recovery.

The audit found that the ESS aligns with the Council plan and its development included examination of other local and international strategies and collaboration with local agencies. AFS saw evidence of environmental sustainability being integrated in a range of documents to ensure it is a consideration in procurement, business unit planning and decision making.

A good framework is also in place to monitor implementation of the ESS.

AFS found that council has gone a long way in assessing and planning for the impacts of climate change, including in community emergency response planning. Further work is required to undertake scenario analysis over associated risks and embed climate risk into decision making processes.

The audit identified 9 well managed areas, 1 moderate risk related to impact assessment for increased climate-related disruptions and 1 minor risk regarding integration of climate change considerations.

### (Moved Ms Rowan O'Hagan, Seconded Mr Vito Giudice)

The Audit & Risk Committee notes the findings and management responses for the environmental management and sustainability internal audit report.

Carried

## ACTION ITEM AND DISCUSSIONS

Discussions were focused on how Council can publicise its work on the environment and climate change more broadly in the community.

**Action:** Provide ARC with proposed progress report format and measures to be provided to the committee on bi-annual or annual basis, and schedule in the standing ARC agenda items.

### Background

AFS and Associates has completed a review environmental management and sustainability (**Attachment 1**).

The audit aimed to confirm:

- identify the extent to which council has planned for Environmental Sustainability, including a reduction in carbon emissions
- identify how actions in the council Environment Sustainability Strategy are achieved, monitored and reported
- confirm how council has assessed and planned for the impacts of climate change in community emergency response planning.

The review was completed in September 2021.

### Strengths

The audit identified 9 well managed areas, noting:

- environmental risks listed on strategic risk register
- environmental sustainability and climate change have been incorporated into multiple key organisational documents
- The Environmental Sustainability Strategy (ESS) was adopted 1 July 2021 and is a comprehensive document establishing actions to improve environmental outcomes
- business continuity plan incorporates environmental disruptions
- environmental sustainability has been incorporated into the procurement policy
- Council has established relationships and works collaboratively with several external agencies to deliver environmental sustainability and address the impact of climate change
- incorporation of environmental-related expenditure into the draft Long Term Financial Plan
- environmental sustainability considerations sit within asset project management
- a framework has been developed to support the delivery of the ESS

### Risks

The audit identified 1 moderate risk related to impact assessment for increased climate-related disruptions and 1 minor risk regarding integration of climate change considerations. They are listed below with associated management response.

Finding	Management response
<p><b>Moderate</b> Scenario analysis and impact assessments for increased climate-related disruptions has not been performed. This includes assessing the potential impact on:</p> <ul style="list-style-type: none"> <li>• service delivery</li> <li>• infrastructure assets</li> <li>• occupational health and safety</li> <li>• legal liabilities</li> <li>• long term financial consequences.</li> </ul> <p>As a result, RCoW may not be prepared to mitigate the likelihood or impacts of increased climate-related disruption events.</p> <p><b>Recommendation</b> That climate-related event disruption scenario analysis and stress testing of assumptions forms part of the risk management planning for potential impacts of climate change. An example of this process being performed is outlined in the City of Port Philip's Climate Adaptation Plan</p>	<p><b>Management action plan:</b> Climate Adaptation Plan including climate-related event disruption scenario analysis and stress testing of assumptions. Note that a Climate Mitigation &amp; Adaptation Policy is planned for adoption in H2 2021-22 &amp; budget and time is required to develop the plan.</p> <p><b>Responsible officer:</b> Manager - Economic Development, Environment and Strategy</p> <p><b>Action date:</b> June 2023</p>

Finding	Management response
<p><b>Minor</b> Climate change considerations have not been integrated into all relevant decision-making and information provision activities across RCoW. This may result in shortfalls in information and considerations to support effective decision-making and risk mitigation.</p> <p><b>Recommendation</b> That council embed climate change considerations into all relevant business units, with particular attention to:</p> <ul style="list-style-type: none"> <li>• asset management strategies and plans</li> <li>• investment decisions, for example business case templates</li> <li>• Corporate Management Team briefing and decision papers.</li> </ul>	<p><b>Management action plan:</b></p> <ol style="list-style-type: none"> <li>1. Add climate change risk assessment to the projects risk register to form a part of all future projects</li> <li>2. Add climate change and sustainable practices to the procurement framework</li> <li>3. Ensure asset management plans incorporate consideration of climate change risks and mitigations - Asset Management Plan; Tree policy or management plan</li> <li>4. Ensure CMT briefing and decision papers explicitly consider climate change risk</li> </ol> <p><b>Responsible officer:</b></p> <ol style="list-style-type: none"> <li>1. PMO Program Manager</li> <li>2. Procurement Specialist</li> <li>3. Manager Infrastructure, Planning &amp; Delivery</li> <li>4. Governance &amp; Reporting Advisor</li> </ol> <p><b>Action date:</b></p> <ol style="list-style-type: none"> <li>1. March 2022</li> <li>2. March 2022</li> <li>3. August 2022</li> <li>4. March 2022</li> </ol>

### Attachments

- 1 Environmental Management & Sustainability internal audit report



## 6.7 Pool safety assessment for the Wangaratta Sports and Aquatic Centre

Meeting Type: Audit and Risk Committee Meeting  
Date of Meeting: 15 February 2022  
Author: Governance and Reporting Advisor  
File No: IC22/35  
Presenters:

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Purpose

To present the findings for stage one of the Pool Safety Assessment (Assessment) for the Wangaratta Sports and Aquatic Centre recently undertaken by Life Saving Victoria (LSV).

### Executive Summary

The pool safety assessment stage one result identified 184 components at industry best practice standard and made 67 recommendations for improvement.

The result exceeded previous performance at the facility under contract management.

Implementation of improvement recommendations will be prioritised on a risk assessment basis.

### Moved Mr Gavan Nolan, Seconded Mr Vito Giudice)

That the Audit & Risk Committee notes the findings for the Pool Safety Assessment (Assessment) for the Wangaratta Sports and Aquatic Centre recently undertaken by Life Saving Victoria (LSV).

**Carried**

### ACTION ITEM

1. Provide Final Assessment to this Committee once the Audit has been completed.

### Background

The assessment contains questions developed by LSV in partnership with the Victorian aquatic industry and government and non-government agencies. The assessment measures the facility's performance against a range of industry, state and national standards, guidelines and legislation.

The Assessment is a two-stage process.

Stage one involves the attendance at the facility by the LSV Assessor to undertake the Assessment and capture the evidence against the question set / criteria. The evidence received is assessed and the draft assessment report is returned to the client (**Attachment 1**). It provides

the findings of the assessment as well as best practice recommendations for any improvements that can be implemented.

The stage one assessment covered 251 components over 14 sections.

Stage two involves the client having a period of 60 days to book into and attend a reassessment where evidence of improvements can be demonstrated to LSV for consideration. The evidence received is assessed and the final assessment is returned to the client.

All assessors undertaking assessment activities on behalf of LSV have successfully completed nationally accredited training course or an equivalent level of training that has given them the competencies required to audit compliance with legislation, regulations, standards or the *Guidelines for Safe Pool Operation* in relation to an aquatic location or aquatic facility.

The review was completed in December 2021.

#### Stage one recommendations summary

Stage one results identified 184 components at industry best practice standard and made 67 recommendations for improvement.

The result exceeded previous performance at the facility under contract management.

The provisional recommendations are summarised in the following table.

Section	Recommendations
<b>Section 1 - Work Health and Safety</b>	<b>16 assessed components.</b> <b>10 components are at industry best practice standard.</b> The following 6 recommendations have been made.
	Establish a formal water quality risk management plan incorporating details of source water.
	Manually test pool water on a (minimum) four hourly basis. The pool tests are completed every four hours until 1:30pm. Following this, the next test is being completed close to 7:00pm.
	Complete pool water balance testing weekly ensuring water testing reports are available at the facility and the water saturation index is between -0.5 and +0.5.
	Provide microbiological water testing reports at the facility with the following results: <ul style="list-style-type: none"> <li>Heterotrophic colony count at less than 100 units per milliliter</li> <li>Coliform is not detected in 100ml of water</li> <li>Pseudomonas aeruginosa is not detected in 100ml of water</li> </ul>
	Document a procedure for the management of maximum bathers for each pool
	Display the occupancy permit.

Section	Recommendations
<b>Section 2 - Emergency Planning</b>	<b>17 assessed components.</b> <b>11 components are at industry best practice standard.</b> The following 6 recommendations have been made.
	Hold Emergency Planning Committee meetings at least annually (preferably quarterly) with minutes recorded.
	Provide training to members of the Emergency Planning Committee which includes as a minimum emergency plan management, committee duties, staff duties, emergency identification / analysis, emergency document management, emergency training activities, emergency assessment activities, preparedness / prevention, emergency services liaison, post-evacuation management.
	For emergency management training: <ul style="list-style-type: none"> <li>• plan the program on a multi-year basis</li> <li>• document training frequency</li> <li>• document stakeholder attendees</li> <li>• document details of the responsible person(s) (for the planning, development, delivery, evaluation and review of the emergency management training)</li> </ul>
	Include in the evidence of emergency management training planning and delivery, information on participant briefing, scope, rules and safety precautions.
	Include emergency vehicle access on the emergency location / site map.
	Add the aquatic facility, an after-hours contact and media liaison to the emergency contact numbers list.
<b>Section 3 - Qualifications and Training</b>	<b>22 assessed components.</b> <b>11 components are at industry best practice standard.</b> The following 11 recommendations have been made.
	Ensure all supervising staff attend all in-service training sessions. <i>It was noted that some staff members did not attend 4 in-service training sessions as they were newly hired:</i>
	Establish a training calendar for in-service training.
	For all aquatic education staff, hold evidence of a current aquatic instructors qualification.
	For all aquatic education staff, hold evidence of a current aquatic instructor license.
	For all aquatic education staff, hold evidence of a current aquatic education access and inclusion unit of competency.
	For all aquatic education staff, provide an appropriate amount of in-service training. <i>It was noted that some staff members did not attend any in-service training sessions as they were newly hired:</i>

Section	Recommendations
	<p>Develop a systematic approach to aquatic education staff in-service training which includes a training calendar showing quarterly training sessions as a minimum.</p> <p>Include in the education staff in-service training, teaching methodologies, aquatic programs, practice of initiative assessments and incident response, resuscitation, aquatic rescue techniques, emergency procedures.</p> <p>Ensure aquatic education staff complete an annual health self-declaration and appropriate categories are used for aquatic education staff following such self-declarations.</p> <p>For pool managers and supervisors, hold evidence of aquatic technical operators qualifications.</p> <p>Document staff manual handling relevant to the facility specific features and equipment</p>
<b>Section 4 - Aquatic Programs</b>	<p><b>12 assessed components.</b> <b>9 components are at industry best practice standard.</b> The following 3 recommendations have been made.</p> <p>Modify the sign up / enrolment document to clearly request information on participant pre-existing medical conditions. <i>The facility currently relies on the parents / guardians to voluntarily communicate this during the enrolment process.</i></p> <p>Provide suitable signs for areas used for the instruction of diving.</p> <p>Maintain teacher to pupil ratios for lesson activities involving special needs patrons at or below 1:6.</p>
<b>Section 5 - Supervision</b>	<p><b>20 assessed components.</b> <b>18 components are at industry best practice standard.</b> The following 2 recommendations have been made.</p> <p>In the pool supervision plan, include of the supervision of inflatable equipment.</p> <p>Include radio equipment and emergency stops in the daily equipment inspections.</p>
<b>Section 6 - First Aid</b>	<p><b>24 assessed components.</b> <b>15 components are at industry best practice standard.</b> The following 9 recommendations have been made.</p> <p>For employee accidents and incidences, modify report forms to request information on shift arrangements, occupation / job title, training provisions and rehabilitation status</p> <p>Include notifiable incident process information in the incident reporting process including the definition of a notifiable incident, internal contact details and WorkSafe notification</p>

Section	Recommendations
	<p>Include in the incident reporting process the completion of corrective actions and completion of future preventative actions.</p> <p>Document and implement a suitable process for regular (at least annually) review of accident and incident reports.</p> <p>Add a telephone and a 2 litre bowl or bucket to the general provisions in the first aid area.</p> <p>Add a resuscitation mask, emergency phone numbers, crepe bandage, scissors, plastic bags and burns modules to the equipment required for a workplace in the first aid area.</p> <p>Add safety data sheets, torch (pocket) and disposable cups to the additional equipment required for an aquatic facility in the first aid area.</p> <p>Store any medication in a separate lockable area or space</p> <p>Add spare pads and non-alcohol wipes to the automatic external defibrillator additional items.</p>
<p><b>Section 7 - Plant and Chemical Areas</b></p>	<p><b>19 assessed components.</b> <b>11 components are at industry best practice standard.</b> The following 8 recommendations have been made.</p> <p>Provide for suitable signage or labelling for all chemicals stored within plant and chemical areas via the container labeling or appropriate signage.</p> <p>Add hazardous substance information for hypochlorite solution, hydrochloric acid and calcium hypochlorite.</p> <p>Store all dry chemicals in spill containers, in containers free of damage and off of the ground.</p> <p>Provide necessary chemical separation distances for hazardous substance storage.</p> <p>Store copies of relevant MSDS documents at the chemical storage areas.</p> <p>Install signage reflecting available and required PPE.</p> <p>Label all chemical lines and chemical injector points.</p> <p>Label chemical lines, pipes and injectors with the appropriate text and colour.</p>
<p><b>Section 9 - Changing Facilities</b></p>	<p><b>8 assessed components.</b> <b>8 components are at industry best practice standard.</b> No recommendations made.</p>
<p><b>Section 10 - Lap and Lane Pools - 50m Outdoor</b></p>	<p><b>27 assessed components.</b> <b>22 components are at industry best practice standard.</b> The following 5 recommendations have been made.</p> <p>Maintain the pool concourse free of mobile equipment.</p>

Section	Recommendations
	<p>Provide the GPO's with waterproof covers.</p> <p>Install a Cancer Council Slip, Slop, Slap, Seek, Slide sign</p> <p>Maintain starting block top surfaces so that they are:</p> <ul style="list-style-type: none"> <li>• located a minimum of 500mm above the water surface</li> <li>• located a maximum of 750mm above the water surface</li> <li>• a minimum dimension of 500mm x 500mm</li> <li>• free of damage</li> </ul> <p>If the moveable boom is to be used as a walkway, maintain it to the same width measurements as a pool concourse.</p>
<p><b>Section 10 - Lap and Lane Pools - 25m Indoor</b></p>	<p><b>26 assessed components.</b>  <b>22 components are at industry best practice standard.</b>  The following 4 recommendations have been made.</p> <p>Modify the step and ramp handrails to 865-1000mm in height.</p> <p>Provide the GPO's with waterproof covers.</p> <p>Locate areas of deep water away from changing areas. <i>It was noted that the male changing area entry/exit is located close to water deeper than 1.2m.</i></p> <p>Maintain starting block top surfaces so that they are:</p> <ul style="list-style-type: none"> <li>• located a minimum of 500mm above the water surface</li> <li>• located a maximum of 750mm above the water surface</li> <li>• a minimum dimension of 500mm x 500mm</li> <li>• free of damage</li> </ul>
<p><b>Section 11 - Leisure Pools - Program Pool</b></p>	<p><b>15 assessed components.</b>  <b>12 components are at industry best practice standard.</b>  The following 3 recommendations have been made.</p> <p>Modify the pool tank and associated fixtures and fittings free of protruding edges.</p> <p>Modify the pool concourse to ensure it is min. 3.0m adjacent to shallow water.</p> <p>Provide the GPO's with waterproof covers.</p>
<p><b>Section 11 - Leisure Pools - Warm Water Pool</b></p>	<p><b>17 assessed components.</b>  <b>15 components are at industry best practice standard.</b>  The following 2 recommendations have been made.</p> <p>Modify the pool tank and associated fixtures and fittings free of protruding edges.</p> <p>Provide the GPO's with waterproof covers.</p>

Section	Recommendations
<b>Section 11 - Leisure Pools - Splash Pad Pool</b>	<b>14 assessed components.</b> <b>11 components are at industry best practice standard.</b> The following 3 recommendations have been made.
	Modify the pool tank and associated fixtures and fittings to fit flush.
	Provide zero depth entry routes with at least one handrail.
	Install a Cancer Council Slip, Slop, Slap, Seek, Slide sign
<b>Section 11 - Leisure Pools - Leisure Pool</b>	<b>14 assessed components.</b> <b>9 components are at industry best practice standard.</b> The following 5 recommendations have been made.
	Modify the pool tank and associated fixtures and fittings to fit flush.
	Provide zero depth entry routes with at least one handrail.
	Modify the pool concourse to ensure it is min. 3.0m adjacent to shallow water, min. 3.0m at pool entrance and min. 3.0m at beach entrance.
	Provide the GPO's with waterproof covers.
	Make rescue equipment easily available to lifeguards responsible for leisure pools.

#### Attachments

- 1 WSAV pool safety assessment version 1

## 6.8 Internal audit program and actions status

Meeting Type:	Audit and Risk Committee Meeting
Date of Meeting:	15 February 2022
Author:	Governance and Reporting Advisor
File No:	IC22/30
Presenters:	

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Executive Summary

To review the internal audit program status and monitor completion of audit actions.

### Executive Summary

The internal audit program is being progressively actioned. The environmental management and sustainability internal audit report is being presented to this meeting.

An IT Strategic Planning & Governance internal audit is scheduled for late March 2022.

A Fraud & Corruption Risk Management internal audit together and a purchasing cards data analytics review are scheduled for April 2022.

Actions arising from recently finalised internal audits have been added to the internal audit actions register.

Ten actions were due for completion by 15 February 2022. Three are completed and six are nearing completion. The remaining action is at least 30% complete. There are a further 10 internal audit actions scheduled for completion in the future of which one is completed (Attachment 3).

### (Moved Ms Rowan O'Hagan, Seconded Mr Gavan Nolan)

That the Audit & Risk Committee:

1. Notes the report
2. Endorses the updated internal audit program

**Carried**

## DISCUSSION

The internal Audit provides Council with the opportunity to reprioritise and be proactive in its risk approaches. Council's internal fraud and corruption controls should mirror the new Fraud Standard 2021 and thought internally should be given to the frequency in which each risk has been assessed and the control mechanisms in place for each risk.



## Background

The *Local Government Act 2020* requires that the committee oversees the internal audit function.

## Internal audit program status

AFS & Associates have provided a status update for the internal audit program (**Attachment 1**), including the scope for each upcoming review.

The program remains dynamic and may be tailored to changing circumstances. The scopes, topics and timing of delivery may be altered to optimise value, minimise disruption or reflect a different risk profile.

An IT Strategic Planning & Governance internal audit is scheduled for late March 2022.

A Fraud & Corruption Risk Management internal audit together andh a purchasing cards data analytics review are scheduled for April 2022.

## Internal audit reviews completed

The environmental management and sustainability internal audit has been completed since the last meeting.

## Internal audit actions status

Ten actions were due for completion by 15 February 2022. Three are completed and six are nearing completion. The remaining action is at least 30% complete. Refer to **Attachment 2**.

There are a further 10 internal audit actions scheduled for completion in the future of which one is completed (**Attachment 3**).

## Attachments

- 1 Internal audit program status update
- 2 Internal audit actions due
- 3 Internal audit actions future dated

## 6.9 Biannual audit and risk report

Meeting Type: Audit and Risk Committee Meeting  
Date of Meeting: 15 February 2022  
Author: Governance and Reporting Advisor  
File No: IC22/34  
Presenters:

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Purpose

To endorse the biannual audit and risk report.

### Executive Summary

Section 54(5) of the Local Government Act 2020 (the Act) requires that the Audit and Risk Committee (the committee) must prepare a biannual audit and risk report (the report) that describes the activities of the committee and includes its findings and recommendations.

The committee must also provide a copy of the report to the Chief Executive Officer for tabling at the next Council meeting.

A draft report has been prepared for consideration of the committee to enable fulfillment of its obligations under the Act.

### Moved Ms Rowan O'Hagan, Seconded Mr Vito Giudice)

That the Audit & Risk Committee endorses the biannual audit and risk report (Attachment 1).

**Carried**

### Draft report

A draft biannual audit and risk report has been prepared for the committee's consideration under section 54(5) of the Act (Attachment 1).

The report describes the activities of the committee and includes its findings and recommendations and shows that it has effectively discharged its functions and responsibilities required by the Act.

### Attachments

- 1 Biannual audit and risk report

## 6.10 Council policies and procedures compliance

Meeting Type: Audit and Risk Committee Meeting  
Date of Meeting: 15 February 2022  
Author: Governance and Reporting Advisor  
File No: IC22/33  
Presenters:

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Purpose

To review 3 policies for compliance with the overarching governance principles in the *Local Government Act 2020* (the Act) and with the Act and the regulations and any Ministerial directions.

### Executive Summary

Three recently adopted policies have been reviewed against the Act's overarching governance principles, and with the requirements of the Act and regulations and any Ministerial directions. The policies are:

- Complaints Policy (Attachment 1 - policy; Attachment 2 - compliance analysis)
- Procurement Policy (Attachment 3 - policy; Attachment 4 - compliance analysis)
- Workforce Plan (Attachment 5 - policy; Attachment 6 - compliance analysis)

The analysis shows that each policy is compliant.

### (Moved Ms Rowan O'Hagan, Seconded Mr Vito Giudice)

That the Audit & Risk Committee notes the report.

**Carried**

### Background

The Act requires the Audit and Risk Committee to monitor the compliance of Council policies and procedures with the overarching governance principles and with the Act and the regulations and any Ministerial directions.

Three policies have been recently adopted:

- Complaints Policy
- Procurement Policy
- Workforce Plan

### Assessment

The policies have been assessed against the following elements:

- Overarching governance principles for each policy as far as they were relevant
- Relevant sections of the Act as follows:
  - Section 107 regarding the Complaints Policy
  - Section 108 regarding the Procurement Policy
  - Section 46 regarding the Workforce Plan

There were no local government regulations, other Acts and regulations or *Local Government Act 2020* Ministerial directions relevant to the policies.

The policies and associated compliance analyses are attached.

### Results

The analysis for each policy shows compliance with the requirements of the overarching governance principles, and with the requirements of the Act and regulations and any Ministerial directions.

### Attachments

- 1 Complaints policy
- 2 Council policy compliance analysis - complaints policy
- 3 Procurement policy
- 4 Council policy compliance analysis - procurement policy
- 5 Workforce plan
- 6 Council policy compliance analysis - workforce plan

## 6.11 Councillor and CEO expenses

Meeting Type: Audit and Risk Committee Meeting  
Date of Meeting: 15 February 2022  
Author: Governance and Reporting Advisor  
File No: IC22/32  
Presenters:

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

### Purpose

To review the most recent councillor expense reimbursements and CEO credit card expenses.

### Executive Summary

Councillor reimbursements have been made for appropriate purposes in accordance with policy.  
CEO credit card expenditure has been made for appropriate purposes.

### Moved Mr Gavan Nolan, Seconded Mr Vito Giudice)

That the Audit & Risk Committee notes the report.

Carried

### Background

The committee is required by its charter to monitor fraud prevention arrangements.

Consequently, attachments to this report provide councillor expenses reimbursed for the December quarter 2021-22, including year-to-date cumulative amounts, and the CEO credit card expenses for the same period.

### Councillor expense reimbursements

Councillor expense reimbursements are provided in **Attachment 1**.

Councillor reimbursements have been made for appropriate purposes in accordance with policy.

### CEO credit card expenses

CEO credit card expenses are provided in **Attachment 2**.

CEO credit card expenditure has been made for appropriate purposes.

### Attachments

- 1 Councillor expenses
- 2 CEO credit card expenses

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## 6.12 Appointment of a chairperson

Meeting Type:	Audit and Risk Committee Meeting
Date of Meeting:	15 February 2022
Author:	Governance and Reporting Advisor
File No:	IC22/25
Presenters:	

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

Note: The current chairperson vacates the chair and Cr Dean Rees takes the chair to conduct the appointment.

### Purpose

To appoint a chairperson for the committee.

### Executive Summary

The term of the current chairperson, Ms Gayle Lee, ends at the end of February 2022 and the committee must elect a new chairperson in accordance with the Audit and Risk Committee Charter (the charter) (**Attachment 1**) and clause 14 of the Governance Rules (**Attachment 2**).

### (Moved Ms Rowan O'Hagan, Seconded Mr Gavan Nolan)

That the Audit and Risk Committee appoints Mr Vito Giudice as chairperson of the Wangaratta Rural City Council Audit and Risk Committee for a term of 1 year.

**Carried**

### Background

The current chairperson's term has expired. Consequently, the committee must elect a new chairperson. The charter outlines the process and the relevant clauses are:

1. Clause 4 of the charter:
  - a. The chairperson must be appointed by the committee by resolution; and
  - b. The chairperson must be an independent member.
2. Clause 5.3 provides that the chairperson may be appointed for a term of up to 2 years.

### Procedure

1. The current chairperson vacates the chair.
2. Cr Dean Rees presides over the process and takes the chair.
3. Cr Dean Rees calls for a member to move a motion appointing an independent member as chairperson for a term not exceeding 2 years and calls for a member to second that motion.

4. The motion is dealt with in accordance with clause 14 of Council's Governance Rules.
5. The newly appointed chairperson takes the chair.

#### Attachments

- 1 Audit and risk committee charter
- 2 Governance rules - clause 14

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**7. Other Business**

Nil

**8. Next Meeting**

Nil

**9. Closure of Meeting**

The meeting was closed at 4:35pm.

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