



The Barossa Council

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE
OF THE BAROSSA COUNCIL**

held on Wednesday 21 October 2020, commencing at 10.40am
in the Council Chamber, 43-51 Tanunda Road, Nuriootpa

1. WELCOME

Mr Brass declared the meeting open at 10.40am and welcomed all in attendance.

2. MEMBERS PRESENT

Mr Peter Brass, Mr Ian Swan, Ms Ellen Ewing, Cr John Angas, Cr Russell Johnstone

Invited Staff Members

Mr Martin McCarthy, Chief Executive Officer

Mr Mark Lague, Manager Financial Services

Ms Nicole Rudd, Internal Control Compliance Officer

Ms Vicky Rohrlach, Senior Accountant

Ms Elizabeth Waters, Accountant

Ms Jo Moen, Manager Executive Services

Mr Matt Elding, Director Works and Engineering Services (12.30pm – 12.45pm)

Ms Annette Randall, Executive and Project Support Officer (Minute Secretary)

In Attendance

Mr David Papa and Mr Matthew Brunato from Bentleys SA Pty Ltd
(External Auditor)

3. APOLOGIES

Nil

4. CONFLICT OF INTEREST DECLARATIONS

Mr Brass indicated that he will be disclosing a conflict of interest in the matter 7.1.8 regarding the expiration of his 2 year term as an Independent Member.

Ms Ewing indicated that she will be disclosing a conflict of interest in the matter 7.1.8 regarding the expiration of her 2 year term as an Independent Member.

5. CONFIRMATION OF MINUTES FROM PREVIOUS MEETING

MOVED Mr Swan that the Minutes of the Audit Committee Meeting held 23 June 2020 be confirmed as a true and correct record of the proceedings of that meeting.

Seconded Cr Angas

CARRIED 2020-21/1

6. BUSINESS ARISING FROM PREVIOUS MINUTES

Nil

7. CONSENSUS AGENDA

NOT CONFIRMED

8. ADOPTION OF CONSENSUS AGENDA

8.1 ITEMS FOR EXCLUSION FROM THE CONSENSUS AGENDA

Mr Peter Brass:

- 7.1.8 Expiration of 2 Year Term – Independent Members, Mr Peter Brass and Ms Ellen Ewing
- 7.1.9 Report – Procurement System Audit
- 7.1.10 Report – Council’s Information Technology Security Profile
- 7.2.1 Nuriootpa Centennial Park Authority Audit Committee – Minutes of 3 June 2020 meeting

8.2 RECEIPT OF CONSENSUS AGENDA

MOVED Cr Johnstone that the information items 7.1.1 to 7.1.7 contained in the Consensus Agenda be received and noted.

Seconded Mr Swan

CARRIED 2020-21/2

8.3 DEBATE OF ITEMS EXCLUDED FROM THE CONSENSUS AGENDA

7.1.8 - EXPIRATION OF 2 YEAR TERM – INDEPENDENT MEMBERS, MR PETER BRASS AND MS ELLEN EWING

Pursuant to S73 of the Local Government Act 1999, Mr Brass disclosed a conflict of interest in the matter regarding the expiration of his 2 year term as an Independent Member, (as he receives a sitting fee as a Committee member, to attend Audit Committee meetings).

Mr Brass advised the Committee of the conflict of interest and left the meeting at 10.43am.

Pursuant to S73 of the Local Government Act 1999, Ms Ewing disclosed a conflict of interest in the matter regarding the expiration of her 2 year term as an Independent Member, (as she receives a sitting fee as a Committee member, to attend Audit Committee meetings).

Ms Ewing advised the Committee of the conflict of interest and left the meeting at 10.43am.

As the Chair was vacated, Mr McCarthy Chief Executive Officer assumed the Chair and called for nominations for a Member to take the Chair for Agenda item 7.1.8.

Cr Johnstone nominated Mr Swan to assume the Chair.

There being no other nominations, Mr McCarthy handed the Chair to Mr Swan for Agenda item 7.1.8.

MOVED Cr Johnstone that the Audit Committee accept the extension of appointment of Peter Brass and Ellen Ewing as Independent Members of the Audit Committee for a further two year term, expiring on 27 January 2023, subject to Council approval.

Seconded Cr Angas

CARRIED 2020-21/3

The Audit Committee Terms of Reference (clause 3.2.1) allows for Independent Members to be appointed for a 2 year term (unless otherwise determined by Council), with a right of extension of the appointment by Council.

NOT CONFIRMED

Mr Brass and Ms Ewing were appointed to the Audit Committee in January 2019, with the current term expiring on 27 January 2021. They have both advised their wish to extend his appointment for a further 2 year term, subject to Council approval. A report will be provided to the November 2020 Council Meeting, recommending an extension of appointment.

Independent Member, Mr Ian Swan, was appointed in January 2018 for a 2 year term, followed by a 2 year extension in January 2020, expiring on 27 January 2022. Appointments have been staggered to secure consistency of Independent Members on the Committee.

Mr Brass and Ms Ewing returned to the meeting at 10.45am.

Mr Brass resumed the Chair.

7.1.9 - REPORT – PROCUREMENT SYSTEM AUDIT

Mr Brass led discussion, suggesting that Council consider an external review of its procurement system to determine if there are any opportunities for improvement.

Mr Lague advised that the Internal Control Coordinator (Nicole Rudd) is transitioning from the Finance team to the Risk Management team as Risk and Internal Control Coordinator, to support WHS with a broader enterprise level risk management focus. The new Risk team model brings together Enterprise Risk Management, Insurance Management, WHS and Internal Control.

The Manager Executive Services and the Risk and Internal Control Coordinator will, over the next six months, review recent audits and consider any benefits (or not) of an external review of the procurement system.

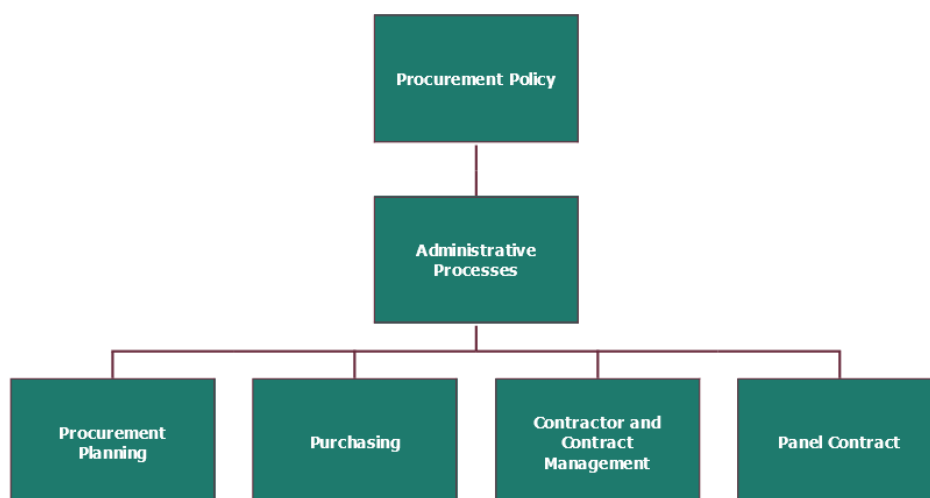
MOVED Cr Johnstone that the Procurement System Audit report be received and noted.

Seconded Mr Swan

CARRIED 2020-21/4

The Audit Committee, at its 23 June 2020 meeting, sought information review and audit activity around Council's procurement system.

Our procurement system is extensive and has recently been reviewed; the following diagrammatically outlines the system.



Reviews of the relevant components are:

1. Procurement policy reviewed and approved by Council at its 19/6/2018 meeting and next review date is 19/6/2022. Link to overarching policy is:

NOT CONFIRMED

<https://www.barossa.sa.gov.au/Media/Default/Council/Strategies,%20Policies%20and%20Bylaws/25062018120122-0001.pdf>

2. Planning Sourcing and Selection Process reviewed and approved by Corporate Management Team on 25 July 2018 next review date 19/6/2022.
3. Purchasing Process reviewed and approved by Corporate Management Team on 21 August 2019 next review date 19/6/2022.
4. Contract and Contractor Management Process current under review, current version in place approved 14/1/2015.
5. Panel Contracts are contracts arising from above processes and are managed in accordance with the contract timeframes.

In 2017 a full governance audit by the Auditor-General was conducted in relation to all our systems and processes, procurement specifically was not a factor in any audit comment. The audit system and documentation were provided to the Auditor-General as part of the governance audit, see item 8.1.2 in the attached Audit Committee agenda.

<https://www.barossa.sa.gov.au/Media/Default/Council/Council%20Committees/Audit%20Committee/Agenda%20-%20Audit%20Committee%20meeting%20-%204%20May%202017-1.pdf>

Periodically spot audits and an annual audit of procurement is undertaken and matters followed up. The last time these were undertaken and reported to the relevant teams are:

1. Purchasing processes and accounts payable compliance, annual review 2018-19 and 2019-20 current being undertaken. The 2018-19 indicates a high level of purchase order compliance with non-compliant transactions totally 165 of 19,569 or 1%.
2. Monthly spot checks of system and officer implementation performance December 2018. These spot checks result in follow up actions and improvements to future process and policy reviews.

Should the Audit Committee wish to undertake further activity it will need to be resources and supported externally with current priorities and workloads.

7.1.10 - REPORT – COUNCIL'S INFORMATION TECHNOLOGY SECURITY PROFILE

Mr Brass requested further information on the confidential assessment against cyber security standards. Mr McCarthy will present a report to the Committee, to consider in confidence in accordance with Section 90(3) of the Local Government Act, at the next Audit Committee meeting.

MOVED Mr Swan that the Audit Committee:

- provide assurance to Council that the steps undertaken are reasonable and that the Chief Executive Officer be supported in the establishment of the identified reporting urgently and immediately;
- request the Chief Executive Officer to present further information to the next Audit Committee meeting in relation to assessment against cyber security standards.

Seconded Cr Angas

CARRIED 2020-21/5

The Audit Committee sought information at the last meeting regarding the management of our technology systems, arising from the management of remote and general network access.

First and foremost the security of information held on or in Council technology or physical assets is paramount. The disclosures made here are generic and detailed reports, audit logs and information will not be specific so as to maintain:

1. Private customer information;
2. Organisational security;
3. Personnel security.

NOT CONFIRMED

As Chief Executive Officer I will not disclose detailed information of our systems, architecture and processes internal or with third parties used to maintain and test our security without consideration of confidentiality considerations and orders under Section 90(3) of the Local Government Act 1999.

With the above in mind, The Barossa Council and its Executive and ICT area maintain a strong physical and cyber security focus, regardless of impacts such as COVID-19, on the security of our systems. In summary, the management of our data and information is generally secured and tested on the following basis:

1. Regular maintenance and updating of all critical architecture and software ensuring all patches and updates are completed and rolled out on a risk basis.
2. Hosting of data at an ultra-secure site along with security management within Council buildings housing critical records.
3. Ongoing management of whitelisting and blacklisting of incoming electronic traffic via Mimecast.
4. Training and awareness of staff to phishing, whaling and other modern attacks and a policy of forwarding any suspicious emails, with attachments, to Helpdesk for checking before opening.
5. Annual ethical hacker penetration activity and reporting with prioritised improvement actions. This has also included simulated phishing and whaling attacks to inform training and awareness programs.
6. Periodic third party checks of new systems are carried out where identified as necessary to ensure minimised vulnerabilities in configuration; for instance the recent installation of Outlook 365 and Microsoft Teams was carried out by a third party consultant.
7. Sound procurement processes and research into possible systems. eg Microsoft Teams vs Zoom was identified as a safe solution from technical and market assessment along with review of Commonwealth and State Government trends.
8. Two factor authorisation required for each and every remote logon with time restrictions for remote access outside of the internal network.
9. Two factor authorisation for access to critical remote systems like banking with NAB Connect (in respect to the authorization of transactions) which is limited to management and executive only.
10. Audit logs of relevant transaction or access in systems. No oversight reporting is carried out and reviewed at present.
11. Reporting of transactional data to management for monitoring such as email usage.
12. There is a notice on every login to Council systems that our systems are monitored and recorded in accordance with the Surveillance Devices Act 2016.
13. Incident reporting internally and if necessary externally to the Australian Cyber Security Centre as part of the Australian Signals Directorate.
14. Application Whitelisting.
15. Implemented a privileged access management strategy (System administrator accounts are restricted to specific tasks).
16. Local admin rights are restricted on all machines (this prevents users from installing software on their local machines).

One improvement action has been identified from the construction of this report which is to ensure that part 10 above is appropriately maintained. This will include ensuring that reports regarding access to critical and confidential data and information during the reporting period are provided to the Corporate Management Team on a monthly basis to ensure compliance with policy and acceptable access to records.

This will include access to:

1. Implement a reasonable oversight system to those access personnel files.
2. All email records including the mirror email system not being the owner of that email address.
3. All external access requests not being a Council registered user.

NOT CONFIRMED

Further information can be provided by relevant officers and provision of reports should the Audit Committee deem it necessary. Such reports will need to be prepared for the Audit Committee and provided in confidence.

7.2.1 - MINUTES – NURIOOTPA CENTENNIAL PARK AUTHORITY AUDIT COMMITTEE

Mr Brass asked if the NCPA Audit Committee completed an annual Self-Assessment of their performance. As they do not, he requested that officers discuss with the Chair, with a view to introducing this annual practice.

MOVED Cr Johnstone that Correspondence item 7.2.1 be received and noted.

Seconded Mr Swan

CARRIED 2020-21/6

Attached are Minutes from the Nuriootpa Centennial Park Authority Audit Committee meeting held 3 June 2020.

9. DEBATE AGENDA

9.1.1

NURIOOTPA CENTENNIAL PARK AUTHORITY – 2019/20 ANNUAL FINANCIAL STATEMENTS

B10476

Mr Lague provided a brief overview of the Financial Statements and answered questions from the Members.

MOVED Mr Swan that the 2019/20 Annual Financial Statements for the Nuriootpa Centennial Park Authority be endorsed and presented to Council for adoption.

Seconded Cr Johnstone

CARRIED 2020-21/7

PURPOSE

To provide a copy of the Nuriootpa Centennial Park Authority (NCPA) Annual Financial Statements (FS) for the year ended 30 June 2020. (Refer *attached*).

REPORT

Introduction

In accordance with Section 126(4) of the Local Government Act 1999, the Committee must review the Annual Financial Statements to ensure that they present fairly the state of affairs of the Council.

Discussion

The Council Auditors commenced their Balance Date Audit on 29 September to 2 October 2020.

Council and NCPA officers have provided information to the auditors to ensure they were able to conduct their audit and have made necessary adjustments to the report as required.

At the NCPA Audit Committee Meeting, 14 October 2020, the Auditor provided a verbal report of the NCPA 019/20 audit and highlighted their findings and as noted in the management letter plan to issue an unmodified audit opinion. The Audit Committee reviewed the FS and were satisfied they fairly reflect the affairs of the NCPA for the 2020 year.

The NCPA board next meets on the 21 October 2020, where they will provide the authorisation for the Chief Executive Officer and Business Manager to sign the certification and also endorse the FS.

The audited draft copy of the Financial Statements along with the draft Independent Auditors Report has been provided (as *attached*).

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1: Nuriootpa Centennial Park Authority Annual Financial Statements for the year ended 30 June 2020.

NOT CONFIRMED

Attachment 2: Draft Independent Auditors Report

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan



How We Work – Good Governance

- 6.2 Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.
- 6.3 Align operational strategy to strategic objectives and measure organisational performance to demonstrate progress towards achieving our goals.
- 6.4 Ensure that decisions regarding expenditure of Council's budget are based on an assessment of whole of life costs, risks associated with the activity and advice contained within supporting plans.
- 6.9 Provide access to Council's plans, policies and processes and communicate with the community in plain English.
- 6.16 Provide contemporary internal administrative and business support services in accordance with mandated legislative standards and good practice principles.

Legislative Requirements

Local Government Act 1999 – Section 126(4)

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial

The financial statements have been incorporated into Council's consolidated Financial Statements.

COMMUNITY CONSULTATION

No separate consultation is required under Council's Public Consultation Policy. The Statements are public documents, accessible to the community via Council's website after Council adoption.

9.1.2

THE BAROSSA COUNCIL 2019/20 ANNUAL FINANCIAL STATEMENTS

B10476

Mr Lague provided a brief overview of the Financial Statements and answered questions from the Members.

MOVED Mr Swan that subject to final confirmation with Council auditors, the 2019/20 Annual Financial Statements, with amendments to Note 1 and Note 15 as discussed, be endorsed and presented to Council for adoption.

Seconded Cr Johnstone

CARRIED 2020-21/8

REPORT

Introduction

In accordance with the Local Government Act 1999, Section 126(4) the Committee must "...review the adequacy of the financial management systems and practices of the Council...". This is to ensure that they present fairly the state of affairs of the Council.

As required in the Terms of Reference "the Committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements they contain".

Discussion

The Council Auditors conducted their Balance Day Audit on 29 September to 2 October 2020. Council Officers have provided information to the Auditors to ensure they were able to conduct their audit and have made necessary adjustments to the report as required.

NOT CONFIRMED

The Auditors have reviewed the financial statements and have provided Council with the following:

- A Final Report on Audit Findings for the Financial Year Ended 30 June 2020 ([Attachment 2](#))
- A draft Independent Auditor's Report – Financial Statements 2019/20 ([Attachment 3](#))
- A draft Independent Auditor's Report – Internal Controls 2019/20 ([Attachment 4](#))
- Audit clearance letter - Unmodified Report for 2020 ([Attachment 5](#))

A final copy of the financial statements will be presented to Council at a meeting in November 2020.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

- Attachment 1: Draft - The Barossa Council 2019/20 Annual Financial Statements.
Attachment 2: Final Report on Audit Findings for the Financial Year Ended 30 June 2020
Attachment 3: Draft - Independent Auditor's Report – Financial Statements 2019/20
Attachment 4: Draft - Independent Auditor's Report – Internal Controls 2019/20
Attachment 5: Letter Bentleys SA – Financial Statements Audit 2020

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan



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- 6.16 Provide contemporary internal administrative and business support services in accordance with mandated legislative standards and good practice principles.

Legislative Requirements

Section 126(4) of the Local Government Act 1999
Local Government (Financial Management) Regulations 2011

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial

All known financial and resourcing requirements as at 30 June 2020 have been included in the financials.

Risk Management

Risk management issues are considered by Management throughout the financial year and communicated to Council as required.

COMMUNITY CONSULTATION

No separate consultation is required under Council's Public Consultation Policy. The Statements are public documents, accessible to the community via Council's website after Council adoption.

Mr Papa and Mr Brunato left the meeting at 11.48am.

9.1.3

REPORT ON FINANCIAL RESULTS 2019/2020 (AS AT 30 JUNE 2020)

B10476

Mr Lague spoke to the report and answered questions from the Members.

NOT CONFIRMED

MOVED Mr Swan that the Report on Financial Results for 2019/2020 be endorsed and presented to Council for adoption.

Seconded Cr Angas

CARRIED 2020-21/9

PURPOSE

To provide a copy of the Report on Financial Results for 2019/2020 (as at 30 June 2020) for review. (Refer Attachment 1).

REPORT

Discussion

The Report on Financial Results is prepared following the completion of the Financial Statements. This report provides a final variance report for the actual results as compared to the adopted budget, along with suggested budget adjustments including carried forward requests to the 2020/2021 financial year.

The report provides information as to the financial position of Council, containing: Executive Summary, Uniform Presentation of Finances, Key Performance Indicators, Financial Statements with Variance Reporting as compared to the original budget and compared to last year actual results.

The report also provides a list of proposed Operating and Capital Budget carried forward adjustments. Many of these adjustments are for projects not completed by 30 June 2020 for various reasons and/or are attached to grant funding/contributions for programs in 2020/2021.

For further analysis, reference should be made to the Annual Financial Statements 2019/2020, attached to Agenda item 9.1.2.

The report also includes capital expenditure and new initiatives review.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1: Report on Financial Results 2019/2020

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan



How We Work – Good Governance

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- 6.16 Provide contemporary internal administrative and business support services in accordance with mandated legislative standards and good practice principles.

Legislative Requirements

Section 126(4) of the Local Government Act 1999

Local Government (Financial Management) Regulations 2011

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial

To enable Council to make effective and strategic financial decisions, a regular up to date high level financial report is provided. This report contains budget adjustments for decisions Council

NOT CONFIRMED

has made since the last review and other adjustments to meet financial changes in capital and/or operational areas. The document contains comments and implications for the Long Term Financial Plan as a result of this review.

At the 29 June 2020 Special Council Meeting, Council approved for continuation of works in progress. These capital expenditure projects, along with a number of operating projects/items, are included within this report as carried forward to the 2020/21 financial year for Council consideration and approval.

COMMUNITY CONSULTATION

Community Consultation was part of the original budget adoption process in June 2019, as per legislation.

9.1.4

INTERNAL FINANCIAL CONTROL REPORT

B3705

Ms Rudd spoke to the report. She advised that the internal audit function will continue in her new role as Risk and Internal Control Coordinator, as part of the Risk Services team.

MOVED Cr Angas that the report from the Coordinator Internal Control on the status of Internal Financial Control work, be received and noted.

Seconded Ms Ewing

CARRIED 2020-21/10

PURPOSE

To provide an update on the status of Internal Financial Control work.

REPORT

Attached is a copy of the Internal Financial Control Report for July to September 2020.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Internal Financial Control Report – July to September 2020

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan



How We Work – Good Governance

Corporate Plan

How We Work – Good Governance

- 6.2 Ensure that Council's policies and process frameworks are based on principles of sound governance and meet legislative requirements.
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Legislative Requirements

Local Government Act 1999 – Section 125, 126, 129 (1) (b)

Local Government (Financial Management) Regulations 2011, 14(e)

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

The regular monitoring and review of Council's financial internal controls and risk assessments will significantly facilitate the on-going safeguarding of Council assets. The control and review of risks is a core officer function and responsibility.

COMMUNITY CONSULTATION

Not required under legislation or Council's Public Consultation Policy.

NOT CONFIRMED

9.1.5

THE BAROSSA COUNCIL QUARTER 4 – 2019/20 PERFORMANCE & ACTIVITY REPORT

B3865

Ms Moen spoke to the report and answered questions from the Members.

MOVED Ms Ewing that the Audit Committee receives and notes The Barossa Council Quarter 4 – 2019/20 Performance & Activity Report.

Seconded Mr Swan

CARRIED 2020-21/11

PURPOSE

To provide Council's Quarter 4 – 2019/20 Performance and Activity Report on measures adopted within The Barossa Council Corporate Plan 2016/17 to 2019/20.

REPORT

Background

Since November 2016, Council and the Audit Committee have been presented with Quarterly Performance Reports on measures adopted within the Corporate Plan.

Introduction

The Barossa Council Quarter 4 – 2019/20 Performance and Activity Report provides performance results against Corporate Plan measures as at 30 June 2020. The report also includes a suite of activity measures, providing a snapshot of activity undertaken over the quarter in the delivery of key internal and external Council services under each Community Plan Theme.

Discussion

The Quarter 4 Report includes those 2019/20 annual measures where data was available at the time of report preparation. Annual measures that rely on the completion of end of financial year data validation, such as key financial and asset based measures, will be reported in Quarter 1 when final figures are available. In accordance with this approach, an appendix has been added to the end of the attached report providing an overview of the total suite of performance measures and the frequency that they are reported on.

In addition to the above, as a result of the conclusion of the current Corporate Plan strategies and performance measures as at 30 June 2020, Officers will be developing a new suite of performance measures during the first half of 2020/21 in accordance with new Corporate Plan goals and strategies set. When the new measures are introduced, the report will include a disclaimer regarding the nature of any changes implemented and their impact on the data presented.

As per previous advice, where justification exists, performance targets may be amended for existing measures to reflect a more realistic figure. Where this is the case, the report will include an explanation of the nature of and justification for any changes implemented and its impact on the data.

Summary and Conclusion

The Barossa Council Quarter 4 – 2019/20 Performance and Activity Report is presented for Audit Committee consideration.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

The Barossa Council Quarter 4 – 2019/20 Performance and Activity Report.

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan



How We Work – Good Governance

Corporate Plan

A6.3 Align operational strategy to strategic objectives and measure organisational performance to demonstrate progress towards achieving our goals.

NOT CONFIRMED

Legislative Requirements

Nil

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Current resources are sufficient to provide ongoing quarterly reporting.

COMMUNITY CONSULTATION

Community consultation is not required under the Act or Council's Public Consultation Policy.

9.1.6

UPDATE – RISK MANAGEMENT PROGRAMS AND PROJECTS

B7531

Ms Moen spoke to the report and answered questions from the Members.

MOVED Cr Johnstone that the Audit Committee receives and notes report 9.1.6 Update – Risk Management Programs and Projects.

Seconded Cr Angas

CARRIED 2020-21/12

PURPOSE

To present a report on the progress of Risk Management programs and projects.

REPORT

Risk Management Quarterly Report

Council's Risk Management Quarterly Reports for Quarter 4 - 2019/2020 and Quarter 1 – 2020/21 are provided at Attachments 1 and 2 for information and noting.

Risk Team Resourcing Changes

Following on from changes in the Risk Team's staffing footprint in late June 2020, the Executive Services Group took the opportunity to review resourcing requirements in the risk space based on independent reviews previously undertaken and current business needs. As part of this process staff identified a need to balance Council's orientation towards supporting WHS with a broader enterprise level risk management focus. Consideration has also been given to actioning long standing Audit Committee recommendations to establish an arm's length relationship between Council's Finance team and financial control/audit functions.

As a result of this review, the organisation is now transitioning to a new Risk Team model that brings together Enterprise Risk Management, Insurance Management, WHS and Internal Control and allows Council to capitalise on the expertise and experience of key officers within these areas. This change will mean that the Risk Team will welcome Nicole Rudd into the team as Risk & Internal Control Coordinator (bringing with her internal audit and compliance checks) and Alfie Spehr will take the lead on the provision of WHS Coordination. Technical and administrative support will continue to be made available to the team and the Manager Executive Services will also continue to provide high level support to Council's Risk and Safety function.

Risk Management Activity Summary

- Drug and Alcohol Management Policy and Process – A Drug and Alcohol Testing Provider has been engaged and the capacity to conduct incident based testing was effective as at July 2020. Causal and Random drug and alcohol testing is scheduled to commence in January 2021 following mandatory Drug and Alcohol Awareness training for all staff in November 2020.
- Hazard Management Policy, Hazard Management Process and Incident Reporting and Investigation Process fully re-written, passed through all staff and WHS consultation and approved by the Corporate Management Team (CMT) in August 2020, paving the way for the introduction of Skytrust hazard and incident reporting by December 2020.
- Overarching Enterprise Risk Management Policy and supporting Operational Framework drafted and consultation with CMT and the Organisational Management Group (OMG) commenced during September 2020.
- Emergency Management

NOT CONFIRMED

- Organisational Emergency Management – Policy and Process currently being reviewed, along with site emergency risk assessments and site emergency management plans
- Community Emergency Management - Completion of Stage 1 Implementation of Council Ready Framework – Community Emergency Management Policy adopted by Council in July 2020. Stage 2 Implementation of Council Ready Framework Commenced – Community Emergency Incident Response Arrangements in draft form ready for workshopping in November 2020.
- Contractor Management – Introduction of contractor and contract monitoring tools plus revised site induction tools that cover both WHS and Project Outcomes in August 2020.
- ChemaAlert Training and Risk Assessments completed across all sites in September 2020.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1: Risk Management Quarterly Report – Quarter 4, 2019/20
Attachment 2: Risk Management Quarterly Report – Quarter 1, 2020/21

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan



How We Work – Good Governance

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Legislative Requirements

Local Government Act 1999
Work Health Safety Act 2012

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Addressed within the Report.

COMMUNITY CONSULTATION

Not required under legislation or Council's Public Consultation Policy.

9.1.7

DRAFT ANNUAL REPORT OF AUDIT COMMITTEE'S ACTIVITIES 2019-20 **B10476**

MOVED Cr Angas that the draft Annual Report of Audit Committee's Activities for 2019-20 be approved for submission to Council.

Seconded Ms Ewing

CARRIED 2020-21/13

PURPOSE

A draft Annual Report of the Audit Committee's activities is attached for approval.

REPORT

Introduction

One of the activities of an Audit Committee identified in the LGA Information Paper 14 'Model Work Program for Council Audit Committees' is its annual reporting to Council. Subsequent Information Paper 19 'Audit Committee Reporting' presents a 'best practice' approach for Council's to adopt.

Discussion

The Chairman's draft report follows the model template set out in the Information Paper. The Chairman will present his report to the December Council meeting.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

NOT CONFIRMED

Attachment 1: Draft Annual Report of Audit Committee's Activities 2019-20

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan



How We Work – Good Governance

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- 6.9 Provide access to Council's plans, policies and processes and communicate with the community in plain English.
- 6.16 Provide contemporary internal administrative and business support services in accordance with mandated legislative standards and good practice principles.

Legislative Requirements

Local Government Act – Section 126

LGA Information Paper 19 'Audit Committee Reporting'

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Council's Audit Committee has a key role in its good governance framework. Good communication between the Committee and the Council will ensure that financial and risk management issues raised receive appropriate consideration and attention.

COMMUNITY CONSULTATION

Council's Audit Committee Annual Report on Activities for 2019-20 will be available to the public via Council's website.

9.2 POLICIES FOR REVIEW

9.2.1

DRAFT ENTERPRISE RISK MANAGEMENT POLICY AND DRAFT ENTERPRISE RISK MANAGEMENT FRAMEWORK

B11249

Ms Moen and Mr McCarthy spoke to the report and answered questions from the Members.

MOVED Cr Johnstone that the Audit Committee having reviewed Attachment 1 – Draft The Barossa Council Enterprise Risk Management Policy and Attachment 2 – Draft The Barossa Council Enterprise Risk Management Framework endorse the strategic direction and review undertaken, and approve for submission to Council.

Seconded Ms Ewing

CARRIED 2020-21/14

PURPOSE

To seek feedback on a revised draft of Council's Enterprise Risk Management Policy and proposed Enterprise Risk Management Framework document.

REPORT

Council's current Risk Management Policy was approved in November 2015 and was due for review in 2019. Whilst this Policy referenced the development of a supporting Risk Management Framework, Council has not adopted a framework to date.

NOT CONFIRMED

Based on a consistently identified need to balance Council's orientation towards supporting WHS with a broader enterprise level risk management focus, the Risk team has facilitated a review of the Risk Management Policy and re-framed Council's policy position to drive an Enterprise level approach to Risk Management with WHS sitting within this broader umbrella.

The Policy seeks to establish the logic and intent for an Enterprise Risk Management Framework featuring principles, a best practice model and a consistent process for managing risk across all aspects of Council's business.

The Draft Enterprise Risk Management Framework is aligned to the Local Government Risk Services Model Risk Management Framework document but has been customised to reflect the strategic and operational environment of The Barossa Council. On this basis, a balance has been sought between maintaining compatibility with current sector standards and producing guidance for staff that is meaningful, practical and readily understood for application at officer level.

Of particular note, the Framework now provides an opportunity for Council's administration to adopt a consistent risk assessment methodology, risk appetite and treatment triggers, to clarify roles and responsibilities and to introduce improved maturity in broader enterprise risk management activities (ie the broadening of internal control activity beyond financial systems; more systematic and regular review of Council's Risk Registers; and the coordination of improvement plans arising from internal and external reviews, risk assessments, strategic planning and organisational performance monitoring).

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1: Draft Enterprise Risk Management Policy
Attachment 2: Draft Enterprise Risk Management Framework

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Corporate Plan



How We Work – Good Governance

- 6.2 Ensure that Council's policy and process frameworks are based on principles of sound governance and meet legislative requirements.
- 6.3 Align operational strategy to strategic objectives and measure organisational performance to demonstrate progress towards achieving our goals.

Legislative Requirements

Local Government Act 1999
Work Health Safety Act 2012

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Addressed within the Report.

COMMUNITY CONSULTATION

Not required under legislation or Council's Public Consultation Policy.

10. PRESENTATION BY DIRECTOR WORKS AND ENGINEERING SERVICES

Mr Brass welcomed Mr Elding to the meeting at 12.30pm. Mr Elding spoke about the highest assessed Risks (in Council's Strategic Risk Register) for which the Works and Engineering Services Directorate is responsible, and how they are being managed.

11. OTHER BUSINESS

11.1 RATES HARDSHIP POLICY

Mr Lague advised Members of recent updates to the Rates Hardship Policy which were endorsed by Council at its meeting on 20 October 2020.

NOT CONFIRMED

11.2 AUSTRALIAN TAXATION OFFICE RULING 2009/2 - CALCULATION OF SUPERANNUATION ON LEAVE LOADING

Mr Lague advised Members on the management and application of the taxation ruling.

12. NEXT MEETING

December 2020 – Date to be advised

13. CLOSURE OF MEETING

There being no further business, Mr Brass closed the meeting at 1.00pm.

Confirmed:

Chairman:

Date: