



## **MELTON CITY COUNCIL**

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**Minutes of the Audit and Risk  
Committee Meeting of the Melton City  
Council  
Held via videoconference**

**17 February 2021**

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## MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

17 FEBRUARY 2021

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**MELTON CITY COUNCIL**MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING OF THE  
MELTON CITY COUNCIL HELD IN THE VIA A VIDEOCONFERENCE  
ON 17 FEBRUARY 2021 AT 12 NOON

**Present:** Mr R. Tommasini  
Mr F. Mansoor  
Ms C. Gregory  
Cr. Majdlik  
Cr Shannon

**Attendance:** Mr K. Tori, Chief Executive Officer  
Ms C. Denyer, Manager Legal & Governance  
Mr S. Rumoro, Manager Finance  
Mr D. Caligari, Manager Capital Projects  
Mr M. Susa, Senior Management Accountant  
Mr N. Walker, External Auditor  
Mr. S. Akbani, External Auditor  
Ms K. Maher, Internal Auditor  
Ms C. Santoro, Senior Administration Officer

**1. WELCOME / ELECTION OF CHAIR**

The Chief Executive Officer, Mr K. Tori, opened the meeting, welcomed the Committee members and called for nominations of a Chairperson for 2021 calendar year.

Due to technical issues, Mr R. Tommasini could not join the meeting at this stage.

The Committee members unanimously elected Mr R. Tommasini as Chairperson for the 2021 calendar year.

As the Chairperson was unavailable, Ms C. Gregory was elected temporary Chairperson by the Committee members until Mr R. Tommasini could join the meeting.

Ms C. Gregory took the Chair.

**2. APOLOGIES AND LEAVE OF ABSENCE**

Nil.

**3. DECLARATION OF INTEREST AND / OR CONFLICT OF INTEREST**

Nil.

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**4. MINUTES OF PREVIOUS MEETINGS****RECOMMENDATION:**

That the Informal Minutes of the Audit and Risk Committee Meeting held on 9 December 2020 and adopted by Council at the Ordinary Meeting held on 21 December 2020 be noted.

**Motion**

Mr Mansoor/Ms Gregory.

That the Minutes of the Informal Audit and Risk Committee Meeting held on 9 December 2020 and presented to Council at the Ordinary Meeting held on 21 December 2020, the recommendations for which have been adopted, be noted.

CARRIED

Mr Tommasini joined the meeting.

Mr Tommasini was congratulated as the elected Chairperson for the 2021 calendar year.

Mr Tommasini took the Chair.

After taking the Chair, the Chairperson welcomed new Committee Members Cr Majdlik and Cr Shannon, and new Internal Auditor Ms Kylie Maher to their first meeting.

**5. OTHER BUSINESS CARRIED OVER FROM A PREVIOUS MEETING**

Nil.

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**6. PRESENTATION OF STAFF REPORTS****6.1 ANNUAL WORK PLAN FOR 2021 AND TRACKING REPORT FOR AUDIT & RISK COMMITTEE ACTIONS**

**Author: Cheryl Santoro - Senior Administration Officer**  
**Presenter: Christine Denyer - Manager Legal and Governance**

**PURPOSE OF REPORT**

To allow the Committee to check the agenda for this meeting against the *Annual Work Plan for 2021* and to present the *Tracking Report for Audit & Risk Committee Actions* as at February 2021.

**RECOMMENDATION:**

That the Council note that the Audit & Risk Committee checked the agenda against the *Annual Work Plan for 2021* and reviewed the *Tracking Report for Audit & Risk Committee Actions* as at February 2021 and that no further action is required.

**Recommendation 1**

Ms. Gregory/Cr. Majdlik

That the Council note that the Audit & Risk Committee checked the agenda against the *Annual Work Plan for 2021* and reviewed the *Tracking Report for Audit & Risk Committee Actions* as at February 2021 and that no further action is required.

CARRIED

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**REPORT****1. Executive Summary**

The *Annual Work Plan for 2021* and the *Tracking report for Audit & Risk Committee Actions* are presented to the Committee as a standing item on this agenda.

**2. Background/Issues**

The *Annual Work Plan for 2021* is attached as **Appendix 1** and the *Tracking report for Audit and Risk Committee Actions* as at February 2021 is attached as **Appendix 2**.

This agenda addresses all items in the *Annual Work Plan 2021* scheduled for February 2021.

**3. Audit and Risk Committee Annual Plan Reference**

The Melton City Council Audit and Risk Committee Annual Work Plan references:

37. Review of Audit & Risk Committee Charter

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**4. Financial Considerations**

N/A

**5. Consultation/Public Submissions**

N/A

**6. Risk Analysis**

N/A

**7. Options**

Make a different recommendation to Council based on the Tracking Report.

**LIST OF APPENDICES**

1. Annual Work Plan for 2021
2. Tracking Report for Audit & Risk Committee Actions as at February 2021

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**6.2 EXTERNAL AUDIT STRATEGY PLANNED AUDIT APPROACH**

**Author: Sam Rumoro - Manager Finance**  
**Presenter: Sam Rumoro - Manager Finance/  
Nick Walker – External Auditor**

**PURPOSE OF REPORT**

To present the proposed audit strategy for the financial year ending 30 June 2021.

**RECOMMENDATION:**

That the Council note that the Audit & Risk Committee reviewed the Report and that no further action is required.

**Recommendation 2**

Ms.Gregory/Mr Mansoor

That the Council note that the Audit & Risk Committee reviewed the Report and that no further action is required.

CARRIED

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**REPORT****1. Executive Summary**

Council's external auditors, HLB Mann Judd, have prepared a proposed draft audit strategy outlining their planned approach to the annual audit of the financial report and performance statement for the financial year ending 30 June 2021.

**2. Background/Issues**

Financial reporting must be prepared in accordance with the Local Government Act 1989 and other mandatory professional reporting requirements.

HLB Mann Judd was appointed as Council's Audit Service provider by the Victorian Auditor-General's Office for a three year term, commencing with the financial year ending 30 June 2019.

It is a requirement for Council's external auditors to present a proposed audit strategy to the Audit Committee annually.

**3. Audit and Risk Committee Annual Plan Reference**

The Melton City Council Audit and Risk Committee Annual Work Plan references:

26. Review and approve external audit scope and plan



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**4. Financial Considerations**

N/A

**5. Consultation/Public Submissions**

The proposed audit strategy for the financial year ending 30 June 2021 was prepared through discussions with Council's Finance staff and external auditors, HLB Mann Judd.

**6. Risk Analysis**

There are no risks associated with the recommendations contained in this report.

**7. Options**

The Audit Committee can recommend to Council that it:

1. Note the report as per the recommendation;
2. Request further information/clarification or amendments if deemed necessary.

**LIST OF APPENDICES**

1. Audit Strategy Memorandum for the Financial Year ending 30 June 2021

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**6.3 FINANCE REPORT - PERIOD ENDED 31 DECEMBER 2020**

**Author: Sam Rumoro - Manager Finance**  
**Presenter: Sam Rumoro - Manager Finance/  
David Caligari – Manager Capital Projects**

**PURPOSE OF REPORT**

To present the 2020/2021 Finance report for the 6 months ended 31 December 2020 (the Report).

**RECOMMENDATION:**

That Council notes that the Audit and Risk Committee has reviewed the Report and that no further action is required.

**Recommendation 3**

Cr Majdlik/Mr Mansoor

That the Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

CARRIED

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**REPORT****1. Executive Summary**

This monthly report compares 6 months ending 31 December 2020 YTD results with the approved budget for the same period.

**2. Background/Issues**

The operating surplus before transfers for the December YTD period was \$131.53 million. This compared with the profiled budgeted result of \$117.21 million resulting in a favourable variance of \$14.32 million.

The favourable result was due mainly to higher than anticipated supplementary rates growth, grant income and lower than budget employee expenses.

Council is forecasting an underlying surplus of \$6.49 million largely due to higher than anticipated user fees, supplementary rates income and land sales. To achieve this outcome, economic activity/recovery will need to continue as it has in recent months. Council will need to remain vigilant in its management of costs.

The actual capital expenditure completed at the end of December was \$33.2 million or 29.2% of the total budget.

Council's total cash position at the end of the December 2020 is \$311.6 million. This balance includes general and restricted investments representing carry forward expenditure, employee entitlements, and developer contributions received for future capital works. The working capital ratio for the YTD period is a healthy 1:9.1.

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**3. Audit and Risk Committee Annual Plan Reference**

The Melton City Council Audit and Risk Committee Annual Work Plan references:

5. Review Quarterly Financial Management Reports

**4. Financial Considerations**

Note the underlying and operating result for the 6 months ending 31 December 2020 YTD results.

**5. Consultation/Public Submissions**

N/A.

**6. Risk Analysis**

Financial reporting will ensure Council's continued compliance with the legislative requirements.

**7. Options**

The Audit and Risk Committee:

1. Recommend to Council that it note the report;
2. Request further information/clarification if deemed necessary.

**LIST OF APPENDICES**

1. 2020/21 Finance Report - 6 month ended 31 December 2020

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**6.4 INVESTMENT HOLDING REPORT AS AT 31 DECEMBER 2020****Author: Sam Rumoro - Manager Finance****Presenter: Sam Rumoro - Manager Finance****PURPOSE OF REPORT**

To present the Investment Holding Report for the 6 months ended 31 December 2020 (the Report).

**RECOMMENDATION:**

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

**Recommendation 4**

Ms.Gregory/Cr Shannon

That the Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

**CARRIED**

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**REPORT****1. Executive Summary**

This report outlines Council's investments, compliance to policy and performance of investments for 6 months ending 31 December 2020.

**2. Background/Issues**

This report provides a detailed analysis of Council's investments, including the amount invested within various institutions, compliance with investment policy and performance of investment portfolio against budget.

Council's total investment holding as at 31 December 2020 is \$308.06 million and YTD actual interest earned is \$1.15 million which is \$0.79 million unfavourable to budget. Unfavourable variance is due to unfavourable movement of rates on term deposits caused by cutting of cash rate by Reserve Bank and market conditions.

**3. Audit and Risk Committee Annual Plan Reference**

The Melton City Council Audit and Risk Committee Annual Work Plan references:

6. Quarterly Investment Holdings Report

**4. Financial Considerations**

Note the performance of investments and compliance with Council's investment policy.

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**5. Consultation/Public Submissions**

N/A

**6. Risk Analysis**

There are no risks associated with the recommendations in this report.

**7. Options**

The Audit and Risk Committee can recommend to Council that it:

1. Note the report as per the recommendation;
2. Request further information/clarification if deemed necessary.

**LIST OF APPENDICES**

1. Investment Holdings Report as at 31 December 2020

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**6.5 DRAFT INTERNAL AUDIT PLAN 3 YEAR: 2021-2023**

**Author: Cheryl Santoro - Senior Administration Officer**  
**Presenter: Christine Denyer - Manager Legal and Governance/  
Kylie Maher – Internal Auditor**

**PURPOSE OF REPORT**

To present the draft *Internal Audit Plan 3 Year: 2021-2023* for approval.

**RECOMMENDATION:**

That Council:

1. note that the Audit & Risk Committee reviewed the draft *Internal Audit Plan 3 Year: 2021-2023*; and
2. approve the draft *Internal Audit Plan 3 Year: 2021-2023*.

**Recommendation 5**

Ms.Gregory/Mr Mansoor

That the Council:

1. note that the Audit & Risk Committee reviewed the draft *Internal Audit Plan 3 Year: 2021-2023*; and
2. approve the draft *Internal Audit Plan 3 Year: 2021-2023*.

CARRIED

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**REPORT****1. Executive Summary**

At the December 2020 Council meeting, Council awarded the Internal Audit Services contract to Moore Australia (Vic) Pty Ltd for a term of 3 years commencing 1 January 2021.

In accordance with the contract the first project is the development of an Internal Audit Plan (Plan) and present to the Audit & Risk Committee at the first meeting after the contract commencement, being February 2021.

The draft *Internal Audit Plan 3 Year: 2021-2023* is presented to the Audit & Risk Committee at this meeting and a Status Report on the Plan will be presented to every Audit & Risk Committee meeting after the initial Plan is presented and approved.

**2. Background/Issues**

The objective of the Plan is to provide the Audit & Risk Committee members, the CEO and ultimately Council, assurance that the internal controls of Council are effective, or determine where they can be made effective when shortfalls are discovered.

The Plan sets out the proposed audits for the term of the contract with one audit to be presented at each meeting after the initial Plan has been presented and approved with the exception of the September meeting.

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The draft Plan was developed after consultation with all Executive members and will be reviewed annually to reflect changing priorities, emerging risks and legislative requirements etc.

**3. Audit and Risk Committee Annual Plan Reference**

The Melton City Council Audit and Risk Committee Annual Plan references:

18. Review and approve 3 year and annual internal audit plans

**4. Financial Considerations**

A provision has been provided in this year's budget for Council's Internal Audit contract fees.

**5. Consultation/Public Submissions**

Consultation occurred with all Executive members prior to the development of the draft Plan.

**6. Risk Analysis**

It is imperative that an Internal Audit Plan is developed and approved to ensure the Internal Auditors meet the Service Levels described within the contract.

**7. Options**

The Committee has the option to accept, amend or reject the draft Internal Audit Plan for 2021-2023.

**LIST OF APPENDICES**

1. Draft Internal Audit Plan 3 Year: 2021-2023 (February 2021)

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**6.6 DRAFT SCOPE FOR THE INTERNAL AUDIT OF THE CAPITAL PROJECTS FRAMEWORK**

**Author: Cheryl Santoro - Senior Administration Officer**  
**Presenter: Christine Denyer - Manager Legal and Governance/  
Kylie Maher – Internal Auditor**

**PURPOSE OF REPORT**

To present the draft *Scope for the Internal Audit of the Capital Projects Framework*.

**RECOMMENDATION:**

That Council:

1. note that the Audit & Risk Committee reviewed the *Scope for the Internal Audit of the Capital Projects Framework*; and
2. approve the *Scope for the Internal Audit of the Capital Projects Framework*.

**Recommendation 6**

Cr Majdlik/Cr Shannon

That Council:

1. note that the Audit & Risk Committee reviewed the *Scope for the Internal Audit of the Capital Projects Framework*, and
2. approve the *Scope for the Internal Audit of the Capital Projects Framework*.

CARRIED

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**REPORT****1. Executive Summary**

Internal audit scopes are presented to the Audit & Risk Committee in February, May, August, and November pursuant to the *Annual Work Plan 2021*.

The timing of each audit and corresponding report is determined by the *Internal Audit Plan 2021 to 2023* (presented in draft to this meeting).

The *Scope for the Internal Audit of the Capital Projects Framework* is presented to the Audit & Risk Committee as per that plan.

**2. Background/Issues**

Internal audit scopes are presented to the Audit & Risk Committee in February, May, August and November pursuant to the *Annual Work Plan for 2021*.

The timing of each audit and corresponding report is determined by the *Internal Audit Plan 2021 to 2023* (presented in draft to this meeting).

The *Scope for the Internal Audit of the Capital Projects Framework* is presented to the Audit & Risk Committee as per that plan.

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The draft scope states the objective is, 'to consider the capital projects framework in place at Melton City Council. This internal audit will consider the key controls that deliver effective project management over the entire project lifecycle. This will be conducted by considering the project management framework control design and its application'.

**3. Audit and Risk Committee Annual Plan Reference**

The Melton City Council Audit and Risk Committee Annual Work Plan references:

20. Review scopes of proposed internal audit reviews

**4. Financial Considerations**

A provision has been provided in this year's budget for Council's Internal Audit contract fees.

**5. Consultation/Public Submissions**

Consultation will occur with relevant staff members throughout the review process of this internal audit review.

**6. Risk Analysis**

As noted on page 1 of the Scope:

*"Melton City Council identified major construction, capital project and capital works management as key risk areas for focus and potential opportunities to improve controls and processes. These activities present material financial and strategic risks to the organisation that would benefit from independent assurance."*

**7. Options**

The Committee has the option to recommend to Council that it accept the draft Scope (with or without the Committee's suggested amendments) or reject the draft Scope entirely.

**LIST OF APPENDICES**

1. Scope for the Internal Audit of the Capital Projects Framework (February 2021)

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Mr Rumoro (Manager Finance)/Mr Caligari (Manager Capital Project)/Mr Susa (Senior Management Accountant) left the meeting at 1.03pm

**6.7 COUNCILLOR EXPENSES AND ALLOWANCES**

**Author: Christine Denyer - Manager Legal and Governance**  
**Presenter: Christine Denyer - Manager Legal and Governance**

**PURPOSE OF REPORT**

To advise the Committee on the recommendations from the Local Government Inspectorate's report, *Councillor Expenses and Allowances: equitable treatment and enhanced integrity* (September 2020).

**RECOMMENDATION:**

That Council notes that the Committee has reviewed the report and that no further action is required.

**Recommendation 7**

Ms.Gregory/Mr Mansoor

That the Council note that the Committee reviewed the Report and that no further action is required.

CARRIED

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**REPORT****1. Executive Summary**

In September 2020 the Local Government Inspectorate (LGI) released a report, 'Councillor Expenses and Allowances: equitable treatment and enhanced integrity'.

The LGI's main observations about the sector, which lead to a number of its recommendations, particularly those aimed at LGV, are around the lack of consistency across the sector:

A number of other recommendations are aimed at increasing accountability and transparency, including having Councillors check their expenses quarterly and have these accessible to the public via the website.

All of the recommendations together with Council's response/action being taken, are listed in **the table below**, with page number references to the report.

**2. Background/Issues**

In September 2020 the LGI released a report, 'Councillor Expenses and Allowances: equitable treatment and enhanced integrity'.

**Legislative background**

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The sections of the 2020 Act which relate to Councillor Resources & Facilities and Expenses commenced on 1 May 2020 and provide the Council adopted first expenses policy under the 2020 Act on 31 August 2020.

The relevant sections of the Act provide as follows:

Resources and Facilities

Section 42 - Council must make available to the Mayor and Councillors, resources and facilities reasonably necessary to enable them to effectively perform their role including having regard for those with a disability and Carers in a Care Relationship as defined by the *Carers Recognition Act 2012 (CRA)*.

Expenses

Section 40 - Council must reimburse a Councillor or a member of a delegated committee for out of pocket expenses which the Council is satisfied the three limb test set out in the Act, and identified in the Policy, is met.

The three limb test is for out of pocket expenses which the Council is satisfied

- (a) *are bona fide expenses; and*
- (b) *have been reasonably incurred in the performance of the role of Councillor or member of a delegated committee; and*
- (c) *are reasonably necessary for the Councillor or member of a delegated committee to perform that role.*

Policy

Section 41 sets out the minimum policy considerations. These include that the policy must specify a procedure for reimbursement, provide for the reimbursement of child care costs reasonably required for the Councillor/Delegated Committee member to perform their role and have 'particular regard to' those who are carers in a Care Relationship pursuant to the CRA.

Consequences of breach

One of the prescribed standards of conduct is to ensure good governance by diligently and properly complying with, amongst other things, the Councillor expenses policy.

An alleged breach of standards of conduct are dealt with by arbitration. The arbiter can make a finding of misconduct.

On a finding of misconduct the arbiter may:

- direct the Councillor to make an apology in a form or manner specified by the arbiter;
- suspend the Councillor from the office of Councillor for a period specified by the arbiter not exceeding one month;
- direct that the Councillor be removed from any position where the Councillor represents the Council for the period determined by the arbiter;
- direct that the Councillor is removed from being the chair of a delegated committee for the period determined by the arbiter;
- direct a Councillor to attend or undergo training or counselling specified by the arbiter.

Councillor Allowances

Both the 2020 Act and the 1989 Act currently apply to Councillor allowances. Section references below are to the 2020 Act unless otherwise specified.

The 2020 Act deems that the Mayor, the Deputy Mayor or Councillor may elect to receive the entire allowance to which they are entitled, or part of that allowance or no allowance (s39(5)).

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Allowance amounts must be reported in the annual report (s98(3)(d)) and made available on Council's website on a quarterly basis.

The 2020 Act deems that allowances for the Mayor, Deputy Mayor and Councillors will now be set by the Victorian Independent Remuneration Tribunal (the Remuneration Tribunal) (s39(1)(2)).

However the 2020 Act also deems that until the Remuneration Tribunal meets and makes a determination, sections 73B, 74 and 74B of the 1989 Act apply, despite their repeal (s39(6)).

Local Government Victoria advises that the Remuneration Tribunal is unlikely to meet and make a determination by 30 June 2020 (the deadline under the 1989 Act) and accordingly, Council should commence a process of review and determination under section 74 of the 1989 Act.

The process is that Council decides upon proposed allowance amounts for the Mayor and Councillors (within the allowable limits), then publicly advertise its intention to pay those allowance amounts and takes submissions for 28 days (allowing a hearing for anyone who indicates in their submission a desire to be heard) and then makes a final decision in relation to the allowance amounts. ...

**The LGI Report**

This report was released in September 2020 which was immediately after the new policies were due to be adopted on 31 August 2020. Some of the information that the report used as a basis would necessarily have been information based on the 1989 Act and associated Regulations. New regulations apply from 1 July 2021 and so to the extent the report refers to categories of reporting, these will change substantially (from 5 categories to 3). All of this must be borne in mind when reading the report and its recommendations.

The LGI's main observations about the sector, which lead to a number of its recommendations, particularly those aimed at LGV, are around the lack of consistency across the sector:

*The Inspectorate's review of council expenses policies showed variation in matters including the extent of entitlements, based on differences in the rates of reimbursement (e.g. for kilometres travelled) and whether caps are in place for certain types of expenditure, and if they are, the amount of them. The biggest variation exists in relation to professional development and training caps, while other councils have caps for items such as meals and childcare rates. (page 17)*

A number of other recommendations are aimed at increasing accountability and transparency, including having Councillors check their expenses quarterly and have these accessible to the public via the website.

For the sake of completeness it is noted that the Act does not contain limits or caps of any nature, and it is the respectful view of the Council Officer that the LGI should have made this plain in its report. Particularly in relation to childcare, a cap would be against the spirit and substance of the 2020 Act.

**Recommendations from the report**

The table below sets out all of the recommendations from the report together with Council's response and any current or future action to be taken. Those that are recommendations for Councils are set out in orange.

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RECOMMENDATION	PAGE REF IN REPORT	COMMENT
<i>Allowance and Toolkit</i>		
Local Government Victoria should provide updated policy guidance in the new Regulations regarding the minimum toolkit of resources and support seen as necessary to effectively perform the role of councillor and mayor.	12	Agree.  The new Regulations have been released and no new 'minimum toolkit' has been provided.
All councils should adopt the position that private vehicle use claims are reimbursed at the Australian Taxation Office rate (currently \$0.72 per kilometre travelled, as of 1 July 2020).	12	Disagree.  Council reimburses Councillors at the same rate as staff, as set out in the EBA.
LGV should provide guidance regarding training and development courses to be completed by councillors and mayors over the course of their terms.	12	Agree.  No guidance has been provided by LGV to date.
Councils should educate councillors about the resources, facilities and support available to them during councillor induction training and should re-educate them mid-way through the councillor term.	12	Agree.  A briefing was provided to this Council shortly after the formal (mandatory topics) induction.  A briefing will be scheduled for mid-way through the term.
Councils should individually survey their councillors regarding their needs for resources, facilities, support, and skills and knowledge	12	Agree.  Each Councillor was contacted individually regarding their needs shortly

## MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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RECOMMENDATION	PAGE REF IN REPORT	COMMENT
training during the induction process.		after the formal (mandatory topics) induction.
<u>Councillor Expenses</u>		
LGV should provide guidance to councils on the definitions of the five expenses categories in the 2014 Regulations and how to report on expenses that do not fall within these categories.	16	<p>New Regulations have been made with only three categories as follows:</p> <ul style="list-style-type: none"> <li>(i) travel expenses; and</li> <li>(ii) professional development expenses; and</li> <li>(iii) expenses to support the performance of the role;</li> </ul> <p>Notwithstanding this, Council agrees that LGV should provide guidance on those that fall under (iii)</p>
Councils should provide councillors with their expenses data for review on a quarterly basis.	16	<p>Agree.</p> <p>Council's finance department prepares summaries of the expenses data to go on Council's website. It will henceforth be provided to each Councillor to check for accuracy on a quarterly basis, prior to publication on the website.</p>
Councils should report councillor expenses and reimbursement claims to council and council's Audit & Risk Committee on a quarterly basis.	16	<p>Disagree.</p> <p>Quarterly reporting is not required by either the Act or the current Audit and Risk Committee Charter (nor does Council believe it was included in the LGV template Audit and Risk Committee Charter upon which Council's Charter was based). All the Act requires is that the expenses be reported:</p> <p><i>(2) A Council must provide details of all reimbursements under this section to the Audit and Risk Committee.</i></p> <p>Council believes that annual reporting to the Audit Committee is sufficient.</p>

## MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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RECOMMENDATION	PAGE REF IN REPORT	COMMENT
		Council reports quarterly on its website, per below.
Councils should publish councillor expenses data on their websites on a quarterly basis, at a minimum.	16	Agree.  Council notes that reporting on its website is also not required by the Act, however this is currently occurring.
<i>Council Expense Policy</i>		
LGV should consider a more detailed model councillor expenses policy and claim form, which councils can adopt to suit their individual circumstances.	21	Agree.  The LGV template could be improved substantially.
Councils must publish their current Council Expenses Policy on their website.	21	Agree.  Council has this policy on its website.
Councils must train councillors on the Council Expenses Policy during their induction training and provide refresher training on the policy mid-term.	21	Agree.  A briefing was provided to this Council shortly after the formal (mandatory topics) induction.  A briefing will be scheduled for mid-way through the term.  A separate briefing to review the policy has been requested by Councillors and is set down for 1 <sup>st</sup> March 2021.
Councillor expenses must be authorised by council employees with the appropriate financial delegation, not the mayor.	21	Agree.  Council's current policy provides that expenses are approved by the CEO.

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RECOMMENDATION	PAGE REF IN REPORT	COMMENT
<u>Information and Communications Technology</u>		
Councils should regularly review their councillors' mobile phone and data plans and investigate alternatives, in order to achieve cost savings.	22	Agree.  Council has recently moved to a new contract with Telstra which provides for a pool of overall data such that individual data is no longer a relevant consideration.  See further below.
Councils should engage with MAV procurement for guidance regarding their ICT contracts and should explore the possibility of moving to a TPAMS contract to see if it will achieve costs savings.	22	Agree.  Council has recently moved to the TPAMS contract.
Councils should regularly review their councillors' phone and data usage to ensure the adequacy of the plans.	22	Agree.  See above. Council now has a pool of data pursuant to the TPAMS contract.
For councillors who have elected to use their own handsets and seek reimbursement, councils should regularly monitor usage to prevent inappropriate reimbursement for private use.	22	N/A – all Councillors at Council have a Council handset.

**3. Audit and Risk Committee Annual Plan Reference**

The Melton City Council Audit and Risk Committee Annual Work Plan references:

34. Consider reports by regulatory and integrity agencies on investigations and relevance for Council (eg. VAGO/Ombudsman/IBAC/Local Govt. Inspectorate)



MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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**4. Financial Considerations**

N/A

**5. Consultation/Public Submissions**

N/A

**6. Risk Analysis**

N/A

**7. Options**

- 1 Accept the officer's recommended motion (recommendation to Council).
2. Pass a motion that provides different advice to Council

**LIST OF APPENDICES**

Nil

## MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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**6.8 INTERNAL AUDIT RECOMMENDATION TRACKING REPORT FOR FEBRUARY 2021**

**Author: Cheryl Santoro - Senior Administration Officer**  
**Presenter: Cheryl Santoro - Senior Administration Officer**

**PURPOSE OF REPORT**

To present the *Internal Audit Recommendation Tracking Report for February 2021* (the Report).

**RECOMMENDATION:**

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

**Recommendation 8**

Mr Tommasini/Mr Mansoor

That the Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

CARRIED

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**REPORT****1. Executive Summary**

An updated report on the current status of recommendations emanating from Internal Audit reports is required to be presented to the Audit and Risk Committee pursuant to the *Annual Work Plan for 2021*.

The Report is attached at **Appendix 1** for the Committee's consideration.

**2. Background/Issues**

Council's internal auditors conduct planned audits.

In order to track and report on these audits and the resultant reports, the recommendations accepted by Council, upon the Audit and Risk Committee's recommendation, are recorded in Council's Risk Register.

Each internal audit recommendation is assigned an Action Owner. It is the responsibility of the Action Owner to action and report on the progress of addressing the recommendation.

Attached to this report at **Appendix 1** is the *Internal Audit Recommendation Tracking Report for February 2021*.

Recommendations shaded in green are those that have been completed since the last report to the Audit and Risk Committee.

**3. Audit and Risk Committee Annual Plan Reference**

The Melton City Council Audit and Risk Committee Annual Work Plan references:

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23. Review progress by management on open audit recommendations

**4. Financial Considerations**

Nil.

**5. Consultation/Public Submissions**

Nil.

**6. Risk Analysis**

Recommendations from each internal audit are recorded in Council's Risk Register for the attention of the respective action owners. Not all recommendations are associated with risk although many are. Nevertheless, the risk register is considered the best place to store and track this information.

Each audit report sets out the main risk and any other risks in relation to the findings and recommendations.

**7. Options**

The Audit and Risk Committee can:

1. Recommend to Council that it note the report as per the recommendation.
2. Request further information if deemed necessary.

**LIST OF APPENDICES**

1. Internal Audit Recommendation Tracking Report for February 2021

## MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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**6.9 LOCAL GOVERNMENT ACT 2020 IMPLEMENTATION**

**Author: Christine Denyer - Manager Legal and Governance**  
**Presenter: Christine Denyer - Manager Legal and Governance**

**PURPOSE OF REPORT**

To update the Committee on the implementation of the *Local Government Act 2020*

**RECOMMENDATION:**

That Council notes that the Committee have reviewed the report and that no further action is required.

**Recommendation 9**

Cr Majdik/Mr Mansoor

That the Council note that the Committee reviewed the Report and that no further action is required.

CARRIED

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**REPORT****1. Executive Summary**

The Local Government Act 2020 (the 2020 Act) commenced operation on 6 April 2020.

The provisions of 2020 Act become operational in stages.

- Stage 1 - 6 April 2020
- Stage 2 - 1 May 2020
- Stage 3 - 24 October 2020
- Stage 4 - 1 July 2021

Policies and other documents required by stage 2 have now all been met, with the Community Engagement Policy having been reviewed and adopted by Council on 8 February 2021 (due by 1 March 2021).

Policies and other documents required (either new or revised) pursuant to stages 3 and 4 may be summarised in the diagram further below, all of which are programmed to be completed within the timeframes set out in the Act – see **Appendix 1**.

**2. Background/Issues**

The Local Government Act 2020 commenced operation on 6 April 2020 (the 2020 Act).

The provisions of 2020 Act become operational in stages.

- Stage 1 - 6 April 2020
- Stage 2 - 1 May 2020
- Stage 3 - 24 October 2020

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Stage 4 - 1 July 2021

**Stage 1**

No new policies or documents were required to be created pursuant to Stage 1.

**Stage 2**

Stage 2 implementation included the following:

- Delegations (changed requirements);
- Governance Rules (new requirement);
- Audit and Risk Committee (changed requirements - establishment and establishment of new Charter);
- Delegated Committee (changed requirements from special committees);
- Public Transparency Policy (new requirements);
- Community Engagement Policy (new requirements however Council had existing).

Policies and other documents required by stage 2 have all now been met with the Community Engagement Policy resolved upon by Council at its meeting on 8 February 2021.

**Stages 3 and 4**

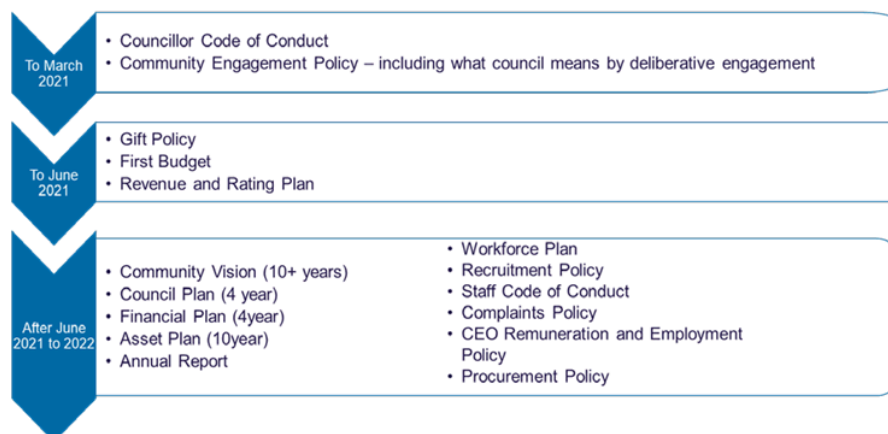
Policies and other documents required (either new or revised) pursuant to stages 3 and 4 may be summarised in the following diagram, all of which are programmed to be completed within the timeframes set out in the Act – see **Appendix 1**.

The first main requirement of stage 3, the new Councillor Code of Conduct, was adopted by Council (by a two thirds majority as required by the Act) at its meeting held 8 February 2021 (due 24 February 2021).

Work on the Council plan (including community vision) is also well under way. Likewise the workforce plan and recruitment policy.

Other requirements arising out of stage 3, not specifically listed below, include changes to personal interests returns and summaries thereof. These changes have also now been made.

Timeline for Council Priorities (from the 2020 Act) after the elections



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**3. Audit and Risk Committee Annual Plan Reference**

The Melton City Council Audit and Risk Committee Annual Work Plan references:

41. Local Government Act 2020 Implementation

**4. Financial Considerations**

Not applicable.

**5. Consultation/Public Submissions**

All new policies and documents that are required to include input from the community have and will include that input. For example, the Governance Rules were publically advertised with feedback from the community sought.

Also, the Community Engagement Policy was drafted with input from the Community.

The Councillor Code of Conduct, on the other hand, is a document made by Councillors for Councillors and thus no community consultation was conducted.

**6. Risk Analysis**

Broadly speaking, on compliance with the Act risks reputational damage because of or in addition to an adverse finding by an oversight body.

The Act also contains various consequences for non-compliance which, depending upon the circumstances, may include, prosecution for an offence, misconduct, serious misconduct and gross misconduct.

**7. Options**

That Council seek further information from the officer on the Act's implementation.

**LIST OF APPENDICES**

1. Local Government Act 2020 Implementation (February 2021)

## MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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**6.10 QUARTERLY LEGAL REPORT**

**Author: Christine Denyer - Manager Legal and Governance**  
**Presenter: Christine Denyer - Manager Legal and Governance**

**PURPOSE OF REPORT**

To advise the Audit & Risk Committee in relation to any significant legal matters as at the end of the December quarter.

**RECOMMENDATION:**

That Council note that the Audit & Risk Committee has reviewed the report and that no further action is required.

**Recommendation 10**

Mr Mansoor/Cr Shannon

That the Council note that the Audit & Risk Committee reviewed the Report and that no further action is required.

CARRIED

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**REPORT****1. Executive Summary**

For the purposes of this report, a significant matter is any matter which may expose Council to an Order (or financial penalty) in the sum of \$100k or more and not include matters handled by Council's insurers.

This report covers the period ending 31 December 2020.

There were no significant legal matters during the period.

**2. Background/Issues**

Nil.

**3. Audit and Risk Committee Annual Plan Reference**

The Melton City Council Audit and Risk Committee Annual Work Plan references:

13. Review progress of any significant legal matters/proceedings facing Council

**4. Financial Considerations**

Nil

**5. Consultation/Public Submissions**

Nil

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MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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**6. Risk Analysis**

As mentioned above

**7. Options**

Recommend that Council seek further advice.

**LIST OF APPENDICES**

Nil.



MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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**7. MEET WITH AUDITORS IN THE ABSENCE OF MANAGEMENT**

N. Walker, external auditor and K. Maher, internal auditor informed the Committee that a meeting was not required.

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**8. PUBLICATIONS****8.1 PUBLICATIONS**

- Victorian Auditor-General's Office, *Sexual Harassment in Local Government* (December 2020)

**RECOMMENDATION:**

That Council note that the Audit and Risk Committee reviewed the report and that no further action is required.

OR

That Council recommend that the following publication be the subject of a report back the Audit and Risk Committee.

**Recommendation 11**

Mr Shannon/Cr Majdlik

That the Council recommend that the following publication be the subject of a report back to the Audit and Risk Committee.

CARRIED

**LIST OF APPENDICES**

1. Victorian Auditor-General's Office, *Sexual Harassment in Local Government* (December 2020)

MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING

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**9. OTHER MATTERS RAISED BY THE COMMITTEE**

No matters were raised.

AUDIT AND RISK COMMITTEE MEETING

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**10. CONFIDENTIAL BUSINESS**

Nil.

**11. NEXT MEETING**

Wednesday 12 May 2021 at 12.00 pm.

**12. CLOSE OF BUSINESS**

The meeting closed at 1.45 pm.

Confirmed

Dated this

.....CHAIRPERSON