



Ararat Rural City

MINUTES

COUNCIL MEETING

Tuesday 30 April 2024

To be held in the Council Chambers, Shire Offices
(Livestreamed)

Commencing at 6.00pm

Council:

Cr Bob Sanders (Mayor)

Cr Gwenda Allgood

Cr Jo Armstrong

Cr Rob Armstrong

Cr Peter Beales

Cr Henry Burridge

Cr Bill Waterston



Ararat Rural City

A recording of this meeting is being made for the purpose of verifying the accuracy of the minutes of the Council Meeting.

The recording is being streamed live via Facebook, to improve transparency between council and the community and give more people the opportunity to view what decisions are being made. You do not require a Facebook account to watch the live broadcast, simply enter www.facebook.com/araratruralcitycouncil into your address bar.

Recordings of Council Meetings (excluding closed sessions) are made available on Council's website.

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PRESENT:

Cr Bob Sanders (Mayor), Cr Gwenda Allgood, Cr Rob Armstrong, Cr Henry Burrige, Cr Bill Waterston, Cr Peter Beales, Cr Jo Armstrong, Dr Tim Harrison, Chief Executive Officer, Chandra Willmott, Governance and Risk Lead and Thomas Duncan, Theatre Technical Officer

SECTION 1 – PROCEDURAL MATTERS

1.1 LIVE STREAMING

Council is keen to engage with members of the community and live streams the formal Council Meetings to make them accessible. The stream is available to view on Council's Facebook page from 6pm and on Council's website following the Council Meeting.

1.2 TRADITIONAL ACKNOWLEDGEMENT/OPENING PRAYER/COUNCILLORS PLEDGE

Traditional acknowledgement

We acknowledge the traditional owners of the land on which we meet today, and pay our respects to their elders, past, present and emerging.

Opening Prayer

Almighty God, we humbly ask you to help us, as elected Councillors of the Ararat Rural City Council. Guide our deliberations. Prosper what is your will for us, to your honour and glory and for the welfare and benefit of the people whom we serve in the Ararat Rural City.

Councillors Pledge

We will faithfully and impartially carry out and exercise the functions, powers, authorities and discretions invested in us under the *Local Government Act 2020* and any other Act to the best of our skill and judgement.

1.3 APOLOGIES

There were no apologies

1.4 CONFIRMATION OF MINUTES

RECOMMENDATION

That the Minutes of the Council Meeting held on 26 March 2024 be confirmed.

MOVED CR J ARMSTRONG

SECONDED CR BEALES

That the Minutes of the Council Meeting held on 26 March 2024 be confirmed.

CARRIED 4967/24

1.5 DECLARATION OF CONFLICT OF INTEREST

A Councillor who has a conflict of interest in a matter being considered at a *Council meeting* at which he or she:

- 1 is present must disclose that conflict of interest by explaining the nature of the conflict of interest to those present at the *Council meeting* immediately before the matter is considered; or
- 2 intends to be present must disclose that conflict of interest by providing to the *Chief Executive Officer* before the *Council meeting* commences a written notice:
 - (a) advising of the conflict of interest;
 - (b) explaining the nature of the conflict of interest; and
 - (c) detailing, if the nature of the conflict of interest involves a Councillor's relationship with or a gift from another person, the:
 - name of the other person;
 - nature of the relationship with that other person or the date of receipt, value and type of gift received from the other person; and
 - nature of that other person's interest in the matter,

and then immediately before the matter is considered at the meeting announcing to those present that he or she has a conflict of interest and that a written notice has been given to the *Chief Executive Officer* under this sub-Rule.

The Councillor must, in either event, leave the *Council meeting* immediately after giving the explanation or making the announcement (as the case may be) and not return to the meeting until after the matter has been disposed of.

Cr Allgood advised that she had a conflict of interest to declare in relation to Item 4.1 and 4.3

SECTION 2 – PUBLIC PARTICIPATION

2.1 PETITIONS AND JOINT LETTERS

- 1 Unless *Council* determines to consider it as an item of urgent business, no motion (other than a motion to receive the same) may be made on any petition, joint letter, memorial or other like application until the next *Council meeting* after that at which it has been presented.
- 2 It is incumbent on every Councillor presenting a petition or joint letter to acquaint himself or herself with the contents of that petition or joint letter, and to ascertain that it does not contain language disrespectful to *Council*.
- 3 Every Councillor presenting a petition or joint letter to *Council* must:
 - write or otherwise record his or her name at the beginning of the petition or joint letter; and
 - confine himself or herself to a statement of the persons from whom it comes, the number of signatories to it, the material matters expressed in it and the text of the prayer or request.
- 4 Every petition or joint letter presented to *Council* must be in *writing* (other than pencil), typing or printing, contain the request of the petitioners or signatories and be signed by at least 12 people.
- 5 Every petition or joint letter must be signed by the persons whose names are appended to it by their names or marks, and, except in cases of incapacity or sickness, by no one else and the address of every petitioner or signatory must be clearly stated.
- 6 Any signature appearing on a page which does not bear the text of the whole of the petition or request may not be considered by *Council*.
- 7 Every page of a petition or joint letter must be a single page of paper and not be posted, stapled, pinned or otherwise affixed or attached to any piece of paper other than another page of the petition or joint letter.
- 8 If a petition, joint letter, memorial or other like application relates to an operational matter, *Council* must refer it to the *Chief Executive Officer* for consideration.

There were no new Petitions or Joint Letters received

SECTION 3 – REPORTS REQUIRING COUNCIL DECISION

3.1 QUARTERLY PERFORMANCE REPORT

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 14985

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

The financial statements and performance indicators have been prepared for the period ended 31 March 2024

Based on the information provided by responsible officers and managers Council's overall financial performance is in line with budget.

DISCUSSION

Council must establish and maintain a budgeting and reporting framework that is consistent with the principles of sound financial management.

Key Financial information:

Income Statement (Attachment 1)

The Income Statement measures how well Council has performed from an operating nature. It reports revenues and expenditure from the activities and functions undertaken, with the net effect being a surplus or deficit. Capital expenditure is excluded from this statement, as it is reflected in the Balance Sheet.

Attachment 1 shows that Council generated \$23.051 million in revenue and \$23.356 million in expenses to 31 March 2024. This has resulted in an operating deficit of \$0.305 million for the nine months ended 31 March 2024.

Income

Rates and charges account for 63% of the total budgeted income for 2023/24. Rates and charges are recognised when the rates have been raised, not when the income has been received. An amount of \$17.697 million has been recognised as income for the nine months ended 31 March 2024.

User fees account for 5% of the total budgeted income for 2023/24 and \$1.166 million has been received to 31 March 2024. The majority of this relates to transfer station fees, fitness centre income and commercial waste management charges.

Recurrent Operating Grants total \$0.880 million to 31 March 2024, including \$0.150 million from the Victorian Local Government Grants Commission for general purpose grants and \$0.096 million for the local roads grants.

Non-recurrent Operating Grants total \$1.972 million to 31 March 2024. Council has been successful in obtaining several grants that had not been budgeted for, as detailed in the table below. The amounts shown as unearned income will be treated as income in future accounting periods once the performance obligations of the grant have been met.

	Budget 2023/24 \$'000	Income 2023/24 \$'000	Unearned Income \$'000
Non-Recurrent Operating Grants			
New Arrivals Settlement Program	-	44	-
Pilot Coordination Grampians Workforce	-	50	-
Ararat Housing Transition	-	-	300
Digital Twin Victoria	-	402	552
Free Public WiFi Services	-	-	1,196
Rural Roads Support Program	-	-	56
Supported Playgroups	63	49	-
Kindergarten Infrastructure and Services Plan (KISP) Support Grant	-	30	-
Council COVID-19 Rapid Antigen Test Program	-	60	-
Power our Future!! Tatyoon Recreation Reserve	-	20	-
Tatyoon Oval Upgrade	-	-	225
Natural Disaster Relief – Flood Event October 2022	-	1,080	-
Planning & Data Development	-	93	-
Wage Subsidy Grants	-	59	-
Other Minor Grants (under \$20,000)	6	85	-
	69	1,972	2,329

Non-recurrent Capital Grants total \$0.437 million to 31 March 2024, as detailed in the table below. The amounts shown as unearned income will be treated as income in future accounting periods once the performance obligations of the grant have been met.

	Budget 2023/24 \$'000	Income 2023/24 \$'000	Unearned Income \$'000
Non-Recurrent Capital Grants			
Ararat East Development Zone Trunk Infrastructure Project	-	419	-
Ararat Regional Playgrounds All Abilities Redevelopment	-	18	-
Local Roads & Community Infrastructure-Roads Grant	-	-	922
	0	437	922

Note

It is important to note the following:

1. The Grants Operating (recurrent) figure in the Original Budget was \$7.677 million and in the Current Budget is recorded as \$0.191 million, as \$7.426 million was paid to Council in 2022/23 by the Victorian Local Government Grants Commission (VLGGC) for the 2023/24 financial year. Council has still received the expected VLGGC income, to be spent in 2023/24, however it will be reported over two financial years. Council also received \$0.060 million funding in advance for the Municipal Emergency Response Plan which has also been adjusted in the current budget.
2. Unearned revenue received in prior years has been adjusted between the Original Budget and Current Budget with an additional \$2.593 million for Grants Operating (non-recurrent), \$0.056 million for Grants Capital (recurrent) and \$0.419 million for Grants Capital (non-recurrent) included in the Current Budget on the assumption that each of the grant projects will be completed during the 2023/24 financial year.
3. These changes in the budget, plus the note reported under expenses, create a change in the reported surplus position from a projected surplus of \$1.296 million to a deficit of \$6.812 million for 2023/24. The year-end variance is a surplus of \$0.177 million when the actual year to date expenses are compared to the year to date budget.

Expenses

Employee Costs account for approximately 41% of the total budgeted expenditure for 2023/24. For the nine months ended 31 March 2024 Council has incurred \$8.497 million in employee costs.

Materials and Services account for approximately 29% of the total budgeted expenditure for 2023/24. For the nine months ended 31 March 2024, Council has incurred \$7.430 million in materials and services costs. There are a number of projects, including those carried forward from 2022/23 that are expected to be completed before the end of the financial year.

Note

It is important to note the following:

There has been an increase in expenditure on materials and services from \$8.035 million in the Original Budget to \$11.555 million in the Current Budget for 2023/24. This has resulted from a carry forward amount of \$3.520 million from the 2022/23 financial year surplus and unspent grant funds which will be used for additional activity in 2023/24. Additionally, there has been an increase of \$0.170 million in employee costs from \$11.134 million in the Original Budget to \$11,304 million in the Current Budget with some grant-funded projects requiring additional staffing to meet the requirements of the grant.

Balance Sheet (Attachment 2)

The Balance Sheet is one of the main financial statements and reports Council's assets, liabilities and equity at a given date, in this case 31 March 2024. Comparative figures have been provided as at 30 June 2023.

Council's current assets have decreased by \$5.337 million from \$24.057 million as at 30 June 2023 to \$18.720 million as at 31 March 2024. Cash and cash equivalents have decreased by \$2.067 million from \$11.457 million to \$9.390 million, with another \$3.000 million held in a term deposit now classified as a financial asset. Trade and other receivables have increased by \$1.695 million from \$4.509 million as at 30 June 2023 to \$6.204 million as at 31 March 2024.

Total liabilities have decreased from \$8.596 million in 2022/23 to \$8.502 million in 2023/24. Trade and other payables have decreased by \$1.002 million and trust funds and deposits have increased by \$0.200 million. Unearned income/revenue increased by \$0.240 million, and includes grants received by Council, where in accordance with accounting standards they are held as a liability until grant-related performance obligations have been met.

Statement of Cash Flows (Attachment 3)

The Statement of Cash Flows shows how changes in the Statement of Financial Position and Income Statement affect Cash and Cash Equivalents, and breaks down the analysis to operating activities, investing activities and financing activities.

The Cash and Cash Equivalents at the beginning of the financial year of \$11.457 million have decreased by \$2.065 million to \$9.392 million as at 31 March 2024. Council has a term deposit of \$3.000 million with a term greater than three months, which is currently classified as a financial asset, and is no longer included in cash and cash equivalents.

Net cash of \$4.415 million was provided by operating activities, \$5.460 million was used in investing activities, and \$1.020 million was used in financing activities.

Investing activities includes payments for property, plant and equipment, and infrastructure.

Financial Performance Indicators (Attachment 4)

The Local Government Performance Reporting Framework requires Councils to report various performance indicators at the end of each financial year.

A full list of financial performance indicators is included in Attachment 4.

Indicator	30/6/2023	30/9/2023	30/12/2023	31/3/2024
<p>Working capital <i>Measure - Current assets compared to current liabilities.</i> Expected values in accordance with the Local Government Performance Reporting Framework 100% to 400% Indicator of the broad objective that sufficient working capital is available to pay bills as and when they fall due. High or increasing level of working capital suggests an improvement in liquidity</p>	322%	411%	334%	280%
<p>Loans and borrowings <i>Measure - Loans and borrowings compared to rates.</i> Expected values in accordance with the Local Government Performance Reporting Framework – 0% to 70% Indicator of the broad objective that the level of interest-bearing loans and borrowings should be appropriate to the size and nature of a council’s activities. Low or decreasing level of loans and borrowings suggests an improvement in the capacity to meet long term obligations</p>	7.07%	6.85%	6.41%	1.92%
<p>Indebtedness <i>Measure - Non-current liabilities compared to own source revenue</i> Expected values in accordance with the Local Government Performance Reporting Framework – 2% to 70% Indicator of the broad objective that the level of long-term liabilities should be appropriate to the size and nature of a Council’s activities. Low or decreasing level of long-term liabilities suggests an improvement in the capacity to meet long term obligations</p>	5.47%	6.19%	9.58%	9.21%
<p>Rates concentration <i>Measure - Rates compared to adjusted underlying revenue</i> Expected values in accordance with the Local Government Performance Reporting Framework – 30% to 80% Indicator of the broad objective that revenue should be generated from a range of sources. High or increasing range of revenue sources suggests an improvement in stability</p>	51.46%	92.70%	85.22%	78.27%
<p>Expenditure level <i>Measure - Expenses per property assessment</i> Expected values in accordance with the Local Government Performance Reporting Framework \$2,000 to \$10,000 Indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of expenditure suggests an improvement in organisational efficiency</p>	\$4,616	\$1,191	\$2,348	\$3,157
<p>Indicator - Revenue level <i>Measure - Average residential rate per residential property assessment</i> Expected values in accordance with the Local Government Performance Reporting Framework - \$700 to \$2,000 Indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of rates suggests an improvement in organisational efficiency</p>	\$2,006	\$2,005	\$2,003	\$1,995

Indicator	30/6/2023	30/9/2023	30/12/2023	31/3/2024
<p>Indicator – Percentage of total rates collected</p> <p>The internal audit conducted in 2019 on Rates Revenue and Rate Debtor Management found no routine or regular reporting of large and long outstanding rates debtors. The outstanding Rates Debtors is reported in the Annual Financial report.</p> <p>As at 31 March 2024 the outstanding Rates Debtors totalled \$4.917 million compared to \$1.955 million as at 30 June 2023, a decrease of \$6.539 million. In percentage terms 77.4% of the rates raised have been collected at 31 March 2024 compared to 78.5% up to 31 March 2023. Outstanding rates are currently charged 10% interest. Council issues approximately 7,900 rate notices. In 2023/24 there are 2,640 assessments paying by instalments compared with 2,843 assessments in 2022/23.</p>	90.2%	14.9%	31.5%	77.4%
<p>Indicator – Asset Renewal & Upgrade</p> <p><i>Measure - Asset renewal & Upgrade compared to depreciation</i></p> <p>Expected range in accordance with the Local Government Performance Reporting Framework – 40% to 130%</p> <p>Assessment of whether council assets are being renewed or upgraded as planned. It compares the rate of spending on existing assets through renewing, restoring, replacing or upgrading existing assets with depreciation. Ratios higher than 1.0 indicate there is a lesser risk of insufficient spending on Council’s asset base.</p>	90.93%	103.49%	130.69%	125.79%

The Local Government Performance Reporting Framework provides “Expected ranges” for each indicator. The framework has been developed to consider results at the end of the financial year so some results during the year are outside the expected range due to the timing of receipts and payments.

Explanations are provided in Attachment 4 for those indicators that are outside the “expected ranges”.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

6 Strong and Effective Governance

We will work hard to build models of governance that place delivering public value at the centre through effective financial management; well measured risk management; and implementation of effective community engagement practices

6.1 Deliver responsible budget outcomes, linked to strategy, that deliver value, innovation, and rating fairness

Budget Implications

Council’s financial performance is in line with expectations. Council’s cash position was expected to reduce in the first half of the year to pay for the outstanding accounts at year end and the capital works program, with the cash position increasing in the third quarter with many ratepayers electing to pay their rates in full due 15 February 2024 and the third instalment due 28 February 2024.

Policy/Relevant Law

Section 97 – Quarterly Budget Report of the Local Government Act 2020 states:

- 1 As soon as practicable after the end of each quarter of the financial year, the Chief Executive Officer must ensure that a quarterly budget report is presented to the Council at a Council meeting which is open to the public.
- 2 A quarterly budget report must include—
 - (a) a comparison of the actual and budgeted results to date; and

- (b) an explanation of any material variations; and
 - (c) any other matters prescribed by the regulations.
- 3 In addition, the second quarterly report of a financial year must include a statement by the Chief Executive Officer as to whether a revised budget is, or may be, required.

Sustainability Implications

This report does not raise any sustainability implications.

Risk Assessment

Council is required to establish and maintain a budgeting and reporting framework that is consistent with the principles of sound management and this report assists Council in meeting that requirement.

Innovation and Continuous Improvement

The content of the Quarterly report is continually reviewed to ensure meaningful data is provided.

Stakeholder Collaboration and Community Engagement

Council's financial performance reports are published quarterly.

RECOMMENDATION

That the:

1. *Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators for the period ended 31 March 2024 be received and adopted.*

**MOVED CR ALLGOOD
SECONDED CR BURRIDGE**

That the:

1. **Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators for the period ended 31 March 2024 be received and adopted.**

CARRIED 4968/24

ATTACHMENTS

Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators are provided as Attachment 3.1

Attachment 1
Comprehensive Income Statement for the nine months ended 31 March 2024

	Original Budget \$'000	Current Budget \$'000	YTD Budget \$'000	YTD Actual \$'000	YTD Variance \$'000	Variance
Income						
Rates and charges	17,881	17,881	17,716	17,697	(19)	0%
Statutory fees and fines	262	262	197	250	53	27%
User fees	1,454	1,454	1,130	1,166	36	3%
Contributions - cash capital	-	-	-	-	-	0%
Contributions - cash operating	100	100	11	34	23	209%
Grants - operating (recurrent)	7,677	191	672	880	208	31%
Grants - operating (non-recurrent)	69	2,662	54	1,972	1,918	3552%
Grants - capital (recurrent)	533	589	-	-	-	0%
Grants - capital (non-recurrent)	-	419	-	437	437	0%
Net gain/(loss) on disposal of property, plant and equipment	28	28	30	23	(7)	-23%
Other income	542	542	406	592	186	46%
Fair value adjustments for investment property	-	-	-	-	-	0%
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	-	-	-	-	-	0%
Total income	28,545	24,127	20,216	23,051	2,835	
Expenses						
Employee costs	11,134	11,304	8,422	8,497	75	1%
Materials and services	8,035	11,555	6,218	7,431	1,213	20%
Bad and doubtful debts	-	-	-	1	1	0%
Depreciation	7,659	7,659	5,744	7,132	1,388	24%
Borrowing costs	56	56	40	52	12	30%
Other expenses	365	365	274	243	(31)	-11%
Total expenses	27,249	30,939	20,698	23,356	2,658	13%
Surplus for the year	1,296	(6,812)	(482)	(305)	177	-37%
Other comprehensive income						
Net asset revaluation increment	-	-	-	-	-	
Total comprehensive result	1,296	(6,812)	(482)	(305)	177	

Attachment 2
Balance Sheet as at 31 March 2024

	31/03/2024 \$'000	30/06/2023 \$'000
Assets		
Current assets		
Cash and cash equivalents	9,392	11,457
Trade and other receivables	6,204	4,509
Financial assets	3,000	8,002
Inventories	123	74
Prepayments	3	15
Total current assets	<u>18,722</u>	<u>24,057</u>
Non-current assets		
Trade and other receivables	6	7
Investments in joint venture	501	501
Property, plant and equipment, infrastructure	298,758	295,269
Right of use assets	1,448	-
Investment property	1,661	1,661
Total non-current assets	<u>302,374</u>	<u>297,438</u>
Total assets	<u>321,096</u>	<u>321,495</u>
Liabilities		
Current liabilities		
Trade and other payables	763	1,765
Trust funds and deposits	505	305
Unearned Income	3,308	3,068
Provisions	2,009	2,084
Interest-bearing loans and borrowings	36	253
Lease liabilities	64	-
Total current liabilities	<u>6,685</u>	<u>7,475</u>
Non-current liabilities		
Provisions	123	123
Interest-bearing loans and borrowings	306	998
Lease liabilities	1,387	-
Total non-current liabilities	<u>1,816</u>	<u>1,121</u>
Total liabilities	<u>8,501</u>	<u>8,596</u>
Net Assets	<u>312,595</u>	<u>312,899</u>
Equity		
Accumulated surplus	92,296	92,600
Reserves	220,299	220,299
Total Equity	<u>312,595</u>	<u>312,899</u>

Printed 24/04/2024

Attachment 3
Statement of Cash Flows for the nine months ended 31 March 2024

	Nine months to 31/03/2024	Forecast Year End to 30/06/2024
	Inflows/ (Outflows) \$'000	Inflows/ (Outflows) \$'000
Cash flows from operating activities		
Rates and charges	14,862	17,866
Statutory fees and fines	251	262
User fees	1,396	1,454
Grants - operating	2,610	2,853
Grants - capital	1,584	2,117
Contributions - monetary	34	100
Interest received	469	540
Trust funds and deposits taken	679	-
Other receipts	129	142
Net GST refund/payment	1,627	1,900
Employee costs	(9,361)	(11,304)
Materials and services	(9,336)	(12,978)
Trust funds and deposits repaid	(288)	-
Other payments	(241)	(365)
Net cash provided by (used in) operating activities	4,415	2,587
Cash flows from investing activities		
Payments for property, plant and equipment, infrastructure	(11,327)	(13,145)
Proceeds from sale of property, plant and equipment, infrastructure	867	867
Proceeds from investments	8,000	8,000
Payments for investments	(3,000)	(3,000)
Net cash provided by (used in) investing activities	(5,460)	(7,278)
Cash flows from financing activities		
Finance costs	(39)	(55)
Repayment of borrowings	(909)	(946)
Interest paid - lease liability	(9)	(28)
Repayment of lease liabilities	(63)	(121)
Net cash provided by (used in) financing activities	(1,020)	(1,150)
Net increase (decrease) in cash and cash equivalents	(2,065)	(5,841)
Cash and cash equivalents at the beginning of the financial year	11,457	11,457
Cash and cash equivalents at the end of the period	9,392	5,616

Printed 24/04/2024

Attachment 4
Financial Performance Indicators for the nine months ended 31 March 2024 Result Material Variations

LIQUIDITY

Dimension - Operating position

Indicator - Adjusted underlying result

Measure - Adjusted underlying surplus (or deficit) -3.28% No material variation

[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100

Expected range in accordance with the Local Government Performance Reporting -20% to 20%

Framework

Indicator of the broad objective that an adjusted underlying surplus should be generated in the ordinary course of business. A surplus or increasing surplus suggests an improvement in the operating position

Dimension - Liquidity

Indicator - Working capital

Measure - Current assets compared to current liabilities 280% No material variation

[Current assets / Current liabilities] x100

Expected range in accordance with the Local Government Performance Reporting 100% to 400%

Framework

Indicator of the broad objective that sufficient working capital is available to pay bills as and when they fall due. High or increasing level of working capital suggests an improvement in liquidity

Indicator - Unrestricted cash

Unrestricted cash compared to current liabilities 38.16% No material variation

[Unrestricted cash / Current liabilities] x100

Expected range in accordance with the Local Government Performance Reporting 10% to 300%

Framework

Indicator of the broad objective that sufficient cash which is free of restrictions is available to pay bills as and when they fall due. High or increasing level of unrestricted cash suggests an improvement in liquidity

Financial Performance Indicators for the nine months ended 31 March 2024 Result Material Variations

OBLIGATIONS

Dimension - Obligations

Indicator - Loans and borrowings

Measure - Loans and borrowings compared to rates

1.92% No material variation

[Interest bearing loans and borrowings / Rate revenue] x100

Expected range in accordance with the Local Government Performance Reporting Framework 0% to 70%

Indicator of the broad objective that the level of interest bearing loans and borrowings should be appropriate to the size and nature of a council's activities. Low or decreasing level of loans and borrowings suggests an improvement in the capacity to meet long term obligations

Loans and borrowings repayments compared to rates

5.36% No material variation

[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100

Expected range in accordance with the Local Government Performance Reporting Framework 0% to 20%

Indicator - Indebtedness

Measure - Non-current liabilities compared to own source revenue

9.21% No material variation

[Non-current liabilities / Own source revenue] x100

Expected range in accordance with the Local Government Performance Reporting Framework 2% to 70%

Indicator of the broad objective that the level of long term liabilities should be appropriate to the size and nature of a Council's activities. Low or decreasing level of long term liabilities suggests an improvement in the capacity to meet long term obligations

Indicator - Asset renewal (& Asset Upgrade included now also)

Measure - Asset renewal & Upgrade compared to depreciation

125.79% No material variation

[Asset renewal expenses / Asset depreciation] x100

Expected range in accordance with the Local Government Performance Reporting Framework 40% to 130%

Indicator of the broad objective that assets should be renewed as planned. High or increasing level of planned asset renewal being met suggests an improvement in the capacity to meet long term obligations

Financial Performance Indicators for the nine months ended 31 March 2024

Result

Material Variations

STABILITY

Dimension - Stability

Indicator - Rates concentration

Measure - Rates compared to adjusted underlying revenue

78.27% No material variation

[Rate revenue / Adjusted underlying revenue] x100

Expected range in accordance with the Local Government Performance Reporting Framework 30% to 80%

Indicator of the broad objective that revenue should be generated from a range of sources. High or increasing range of revenue sources suggests an improvement in stability

Indicator - Rates effort

Measure - Rates compared to property values

0.26% No material variation

[Rate revenue / Capital improved value of rateable properties in the municipality] x100

Expected range in accordance with the Local Government Performance Reporting Framework 0.15 to 0.75%

Indicator of the broad objective that the rating level should be set based on the community's capacity to pay. Low or decreasing level of rates suggests an improvement in the rating burden

EFFICIENCY

Dimension - Efficiency

Indicator - Expenditure level

Measure - Expenses per property assessment

\$3,157.07 No material variation

[Total expenses / Number of property assessments]

Expected range in accordance with the Local Government Performance Reporting Framework \$2,000 to \$5,000

Indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of expenditure suggests an improvement in organisational efficiency

Indicator - Revenue level

Measure - Average rate per property assessment

\$1,994.86 No material variation

[Total rate revenue (general rates and municipal charges) / Number of property assessments]

Expected range in accordance with the Local Government Performance Reporting Framework \$700 to \$2,000

Indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of rates suggests an improvement in organisational efficiency

3.2 REVIEW OF THE ARARAT FITNESS CENTRE REDEVELOPMENT

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 14987

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

The stage 1 redevelopment of the Ararat Fitness Centre has identified a near doubling of the expected costs due to challenges with the age, location, current configuration and structural elements of the existing facility, modern facility standards and requirements, and price volatility in the construction market.

The cost of the full redevelopment of the Ararat Fitness Centre is now expected to be significantly higher than the original independent cost estimate. It is no longer a financially sound and responsible option for achieving functional, accessible and inclusive facilities that yield significant social, economic and community benefit to residents of the Ararat Rural City.

This report recommends Council adopt a different approach by ceasing the Ararat Fitness Centre redevelopment project, and instead explore the delivery of new facilities at alternative location/s that can provide a better long-term investment. The existing services and facilities at the Ararat Fitness Centre will remain in operation until the potential new facilities are constructed and available for public use.

DISCUSSION

The upgrade of the Ararat Fitness Centre was identified as a key infrastructure project in the Council's Asset Plan. This project was intended to enhance functionality, access and inclusion and extend the useful life of a key recreational asset, and yield significant social, economic and community benefit to residents of the Ararat Rural City.

The Ararat Fitness Centre Feasibility Study Final Report (May 2022) provided a cost estimate of \$680,000 for stage 1, and a total cost estimate for the entire redevelopment of \$3.249 million.

A budget of \$950,000 was allocated in the 2023-24 Council Budget to undertake the stage 1 redevelopment of the Ararat Fitness Centre. The budget allocation above the May 2022 cost estimate was to account for cost escalations that were observed in the construction sector at the time. This first stage included a new entrance, lobby and social areas to provide a more central circulation area to programs, Disability compliant ramps and pram access to the basketball courts, squash courts and gymnasium, and compliant toilet/change facilities.

During the pre-construction site inspections and detailed design development phase of the stage 1 project, a more detailed and contemporary cost estimate was calculated of approx. \$1.84 million. The near doubling of estimated costs was due to challenges presented by the age, location and current configuration of the existing facility, modern facility standards and requirements, and price volatility in the construction market.

A 2019 study by Cardno TPG identified evidence of corrosion around the plant room and pool deck and these will require demolition in a future stage of the redevelopment. The impact of this demolition on the adjoining structures would need to be carefully reviewed. A significant amount of new structure will be required to support existing elements as part of the proposed alternations to ensure the long-term stability of the existing structure, and the exact extent will need to be confirmed during demolition. The cost of the remaining stages of the redevelopment would therefore also very likely to be significantly higher than the May 2022 cost estimate.

The Council remains committed to delivering recreational facilities that are functional, accessible, inclusive, and that yield significant social, economic and community benefit to residents of the Ararat Rural City. The redevelopment of the existing Ararat Fitness Centre is no longer a financially sound and responsible option for achieving this outcome.

This report recommends the exploration of greenfield, brownfield (with remediation, where required) or other sites for the delivery of the same, or possibly improved, services and facilities offered at the Ararat Fitness Centre but at a different location. This is recommended with the exception of gym facilities, given there are now three private gym operators in Ararat, with two that offer 24-hour access. The exploration of new location/s also provides an opportunity to aim to improve car parking, pedestrian, cyclist and general road safety around the facility, as well as connectivity to other sport, recreation and leisure precincts.

This report also recommends the reallocation of the remaining unspent budget allocation from the stage 1 redevelopment of the Ararat Fitness Centre towards the exploration and concept design of new facilities at a new location/s.

The existing services and facilities at the Ararat Fitness Centre will remain in operation until new facilities are constructed and available for public use.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

The recommendations in this report aligns with the following Strategic Objectives:

4. Developing and Maintaining Key Enabling Infrastructure

We will ensure that we plan, fund and develop new infrastructure in ways that delivers strong public value. Existing infrastructure will be managed, renewed, and maintained to ensure that it continues to serve identified public needs.

4.1 Ensure that asset development and renewal during the planning period matches that identified in Council's Asset Plan 2021-2031.

4.2 Work directly with asset users to manage and develop new and existing assets.

4.3 Deliver infrastructure outcomes that support economic growth, promote community wellbeing and safety, and align with Council's financial sustainability.

Budget Implications

The 2023-24 budget implications of this report and its recommendations are expected to be neutral, with the reallocation of funds from the stage 1 redevelopment of the Ararat Fitness Centre proposed to be used to explore and conceptually design replacement facilities at a different location/s.

Policy/Relevant Law

N/A

Sustainability Implications

The recommendations in this report offer an opportunity to pursue new facilities that meet improved sustainability outcomes than the existing Ararat Fitness Centre, even after the original proposed redevelopment.

Risk Assessment

The cost and building risks of proceeding with the existing plan to redevelop the Ararat Fitness Centre has been assessed and deemed too great a risk and with unacceptable implications to proceed. The proposed recommendations offer reduced risks, increased benefits and a better long-term investment.

Innovation and Continuous Improvement

The recommendations in this report will enable Council to investigate innovative options for the delivery of enhanced indoor sports, aquatic and gymnastics facilities, and improve the overall recreation offering in the Ararat Rural City.

Stakeholder Collaboration and Community Engagement

In line with the Council's Community Engagement Policy, Stakeholder Collaboration and Community Engagement will occur once potentially suitable sites have been identified and during the concept design phase of the proposed recommendations.

The existing facilities and services at the Ararat Fitness Centre will remain until the potential new locations are operational, and existing users will be consulted to support a smooth transition.

RECOMMENDATIONS

That:

- 1. Council suspends the stage 1 redevelopment of the Ararat Fitness Centre project*
- 2. Council endorses the exploration and concept development of alternative site/s for the delivery of the services and facilities currently offered at the Ararat Fitness Centre*
- 3. Council will review the requirements for gym facilities at any new locations*
- 4. Council reallocates the remaining unspent budget allocation from the stage 1 redevelopment of the Ararat Fitness Centre towards the development of new facilities at alternative site/s*
- 5. Council receives a Report at the July 2024 Council meeting with proposed Fitness Centre Development Options*

MOVED CR BEALES

SECONDED CR WATERSTON

That:

1. Council suspends the stage 1 redevelopment of the Ararat Fitness Centre project
2. Council endorses the exploration and concept development of alternative site/s for the delivery of the services and facilities currently offered at the Ararat Fitness Centre
3. Council will review the requirements for gym facilities at any new locations
4. Council reallocates the remaining unspent budget allocation from the stage 1 redevelopment of the Ararat Fitness Centre towards the development of new facilities at alternative site/s
5. Council receives a Report at the July 2024 Council meeting with proposed Fitness Centre Development Options

CARRIED 4969/24

ATTACHMENTS

There are no attachments in relation to this item.

3.3 REVISED ARARAT RURAL CITY COUNCIL 2024/2025 BUDGET DEVELOPMENT AND ENGAGEMENT PLAN

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO's OFFICE
REFERENCE: 14988

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

At the March 2024 Council Meeting, it was decided that due to the bushfires in February 2024, a new timeline of Budget Community Engagement Activities across the Municipality would be set.

DISCUSSION

This item provides a revised timeline for ensuring that Council’s 2024/2025 budget will be adopted by the 30 June 2024 statutory deadline.

Section 94 of the Local Government 2020 requires that Council adopt a budget for 2024/2025 by 30 June 2024. In order to achieve this outcome, Council needs to develop a draft budget for 2024/2025 and undertake community consultation around the budget prior to adoption.

Budget Development

It was proposed that Council continue developing the 2024/2025 Budget with an aim for adoption by Council at the Ordinary Meeting of Council on Tuesday 25 June 2024.

The preliminary draft budget has been under development by Council for presentation to Council in May 2024. At the Council Briefing in April 2024, Councillors considered new initiatives or projects for inclusion in the 2024/2025 budget.

Community Engagement

Section 96 of the Local Government Act 2020 requires that Council undertake community engagement around its budget in a form that is consistent with its Community Engagement Policy.

The revised timeline of the Budget Community Engagement Plan is as follows:

Engagement Activity	Timeframe
Posting of Council’s 2024/2025 Budget on Engage Ararat	By 5:00pm on Friday 17 May 2024
Development of a one-page summary of key budget deliverables – available at a number of sites across the municipality	Friday 17 May 2024
“Town Hall” meetings in the following communities:	
Ararat	Tuesday 28 May 2024, 2:00pm
Elmhurst	Tuesday 28 May 2024, 11:00am
Tatyoon	Monday 27 May 2024, 7:00pm
Moyston	Wednesday 29 May 2024, 2:30pm
Lake Bolac	Wednesday 29 May 2024, 7:00pm
Pomonal	Wednesday 29 May 2024, 11:30am
Willaura	Wednesday 29 May 2024, 5:30pm
Promotion of key budget elements across mainstream and social media	Ongoing during the budget period
NEW: Budget Information individual drop-in sessions – ARCC Offices	Thursday 30 May 2024, 9:00am – 2:00pm

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

Council's Budget is a key strategic document that resources delivery of the Council Plan. In particular, the Budget 2024/2025 relates to the following:

6 Strong and Effective Governance

We will work hard to build models of governance that place delivering public value at the centre through effective financial management; well measured risk management; and implementation of effective community engagement practices.

6.1 Deliver responsible budget outcomes, linked to strategy, that deliver value, innovation and rating fairness.

Budget Implications

As this item relates to the development of the 2024/2025 Budget it has no direct or significant budget implications for the 2023/2024 Budget. The 2024/2025 budget will be framed around the key financial drivers adopted by Council at the July 2023 Council Meeting.

Policy/Relevant Law

Sections 94 and 96 of the Local Government Act 2020 (LGA 2020) requires that Council prepare and adopt a budget for each financial year and the subsequent three financial years by 30 June each year. Section 96 requires that Council undertake community engagement around its budget in a form that is consistent with its Community Engagement Policy

Sustainability Implications

N/A

Risk Assessment

The most significant risk to be managed is to ensure that the 2024/2025 Budget aligns with community expectation and Council's key strategies outlined in the Council Plan 2021-2025.

Innovation and Continuous Improvement

N/A

Stakeholder Collaboration and Community Engagement

This agenda item relates directly to a process of community engagement around the development of the 2024/2025 Budget.

RECOMMENDATION

That Council:

1. Endorse the community engagement plan relating to the 2024/2025 Budget.

**MOVED CR J ARMSTRONG
SECONDED CR BEALES**

That Council:

1. Endorse the community engagement plan relating to the 2024/2025 Budget.

CARRIED 4970/24

ATTACHMENTS

There are no attachments relating to this item.

3.4 ELECTION PERIOD POLICY 2024

RESPONSIBLE OFFICER: GOVERNANCE AND ADMINISTRATION COORDINATOR
DEPARTMENT: CEO'S OFFICE
REFERENCE: 14990

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

Council Policies and Strategies are regularly updated as part of legislative requirements.

The Election Period Policy has been updated to reflect legislative changes and requirements.

DISCUSSION

In the lead up to an election the Local Government sector adopts a caretaker period to avoid actions and decisions that may be interpreted as influencing voters or binding an incoming Council.

Specific provisions have been incorporated into the Local Government Act 2020 (the Act) that prohibit Council making some decisions, or publishing or distributing electoral matter in an "election period".

The relevant provisions of the Act and definitions are detailed in Election Period Policy 2024.

The Election Period Policy 2024 has been developed in order to ensure that general elections for Ararat Rural City Council to be held on Saturday 26 October 2024 are conducted in a manner that is fair and equitable and is publicly perceived as such.

The election period (or caretaker period) commences morning (12.01am) of Tuesday 24 September 2024 and continues until 6pm Saturday 26 October 2024, a period of 32 days. During the election period the Council will be deemed to be in 'election caretaker mode'. The Chief Executive Officer will ensure that all Councillors and employees are informed of the requirements of this policy.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

6 Strong and effective governance

Budget Implications

There are no budget implications in relation to the adoption of the Election Period Policy 2024.

Policy/Relevant Law

Local Government 2020 Act:

- S69 Governance Rules to include election period policy
- (1) A Council must include an election period policy in its Governance Rules.
 - (2) An election period policy must prohibit any Council decision during the election period for a general election that—
 - (a) relates to the appointment or remuneration of the Chief Executive Officer but not to the appointment or remuneration of an Acting Chief Executive Officer; or
 - (b) commits the Council to expenditure exceeding one per cent of the Council's income from general rates, municipal charges and service rates and charges in the preceding financial year; or
 - (c) the Council considers could be reasonably deferred until the next Council is in place; or

- (d) the Council considers should not be made during an election period.
- (3) An election period policy must prohibit any Council decision during the election period for a general election or a by-election that would enable the use of Council's resources in a way that is intended to influence, or is likely to influence, voting at the election.
- (4) A Council decision made in contravention of subsection (2)(a) or (b) is invalid.
- (5) Any person who suffers any loss or damage as a result of acting in good faith on a Council decision that is invalid by virtue of subsection (4) is entitled to compensation from the Council for that loss or damage.

Sustainability Implications

There are no economic, social and environmental implications identified.

Risk Assessment

If the Election Period Policy 2024 is not updated and adopted there is a risk that Council has not covered its legislative requirements.

Innovation and Continuous Improvement

None identified.

Stakeholder Collaboration and Community Engagement

The revised Election Period Policy 2024 was presented to the Audit and Risk Committee on 2 April 2024.

A draft Election Period Policy 2024 was presented to the Council briefing on 9 April 2024

RECOMMENDATION

That

1. *Council adopts the Election Period Policy 2024.*

**MOVED CR R ARMSTRONG
SECONDED CR WATERSTON**

That

1. Council adopts the Election Period Policy 2024.

CARRIED 4971/24

ATTACHMENTS

A copy of the Election Period Policy 2024 is included as attachment 3.4



Election Period Policy 2024

DOCUMENT CONTROL

Category Type: Policy
Type: Council
Responsible Officer: Risk and Governance Lead

Last Review Date: 25 August 2020
Date Approved: 25 August 2020
Next Review Date: October 2027

Revision No: 5

Stakeholder Engagement:
Councillors
Chief Executive Officer
Governance and Risk Lead
Audit and Risk Committee

Election Period Policy 2024



1. INTENT

In the lead up to an election, the Local Government sector adopts a caretaker period to avoid actions and decisions that may be interpreted as influencing voters or binding an incoming Council.

Specific provisions have been incorporated into the Local Government Act 2020 (the Act) that prohibit Council making some decisions, or publishing or distributing electoral matter in an "election period".

The relevant provisions of the Act and definitions are detailed in the Attachment to this Policy.

2. POLICY

Ararat Rural City Council is committed to the principle of fair and democratic elections and therefore adopts and endorses the following practices and legislative requirements.

The Election Period Policy has been developed in order to ensure that general elections for Ararat Rural City Council to be held on Saturday 26 October 2024 are conducted in a manner that is fair and equitable, and is publicly perceived as such.

2.1. Election Period

- 2.1.1. The election period (or caretaker period) commences morning (12.01am) of Tuesday 24 September 2024 and continues until 6pm Saturday 26 October 2024, a period of 32 days.
- 2.1.2. During the election period the Council will be deemed to be in 'election caretaker mode'.
- 2.1.3. The Chief Executive Officer will ensure that all Councillors and employees are informed of the requirements of this policy.

2.2. Decision Making

- 2.2.1. It is an established democratic principle that elected bodies should not unnecessarily bind an incoming government during an election period. The Council therefore commits to the principle that it will make every endeavour to avoid making decisions that inappropriately bind the incoming Council.
- 2.2.2. This includes a commitment to comply with the requirements of section 69 of the Act which prohibits specific Council decisions during an election period.
- 2.2.3. Council will not hold a scheduled Council Meetings during the election caretaker period.
- 2.2.4. Scope exists for Council to hold an unscheduled Council Meeting but only in the most urgent or extraordinary circumstances or statutory processes that may arise.

2.3. Prohibited Decisions

- 2.3.1. Council is prohibited from making any Council decision:
 - 2.3.1.1. During the election period for a general election that:
 - a. relates to the appointment or remuneration of the Chief Executive Officer but not to the appointment or remuneration of an Acting Chief Executive Officer; or
 - b. commits the Council to expenditure exceeding one per cent of the Council's income from general rates, municipal charges and service

Election Period Policy 2024



- .c. rates and charges in the preceding financial year; or the Council considers could be reasonably deferred until the next Council is in place; or
 - .d. the Council considers should not be made during an election period; or
- 2.3.2. during the election period for a general election or a by-election that would enable the use of Council's resources in a way that is intended to influence, or is likely to influence, voting at the election.

2.4. What is a Council Decision?

- 2.4.1.A **Council decision** means the following:
- 2.4.1.1. a resolution made at a Council meeting;
 - 2.4.1.2. a resolution made at a meeting of a delegated committee; or
 - 2.4.1.3. the exercise of a power or the performance of a duty or function of Council by a member of Council staff (which includes the Chief Executive Officer) or a Community Asset Committee under delegation.

2.5. Misuse of Position

- 2.5.1. Councillors cannot use their current position to gain access to information or resources that would otherwise not be available. Councillors and candidates must be given equal access to support and information.
- 2.5.2. The penalty for Misuse of Position under Section 76D of the Local Government Act 1989 is 600 penalty units or imprisonment for 5 years or both.

3. PUBLIC CONSULTATION

- 3.1. Public consultation means a process that involves inviting individuals, groups or organisations or the community generally to comment on an issue or proposed action or proposed policy, and which includes discussion of that matter with the public.
- 3.2. Public consultations are best to be avoided during the election period unless they are required under the *Planning and Environment Act 1987*, or section 223 of the *Local Government Act 1989*.
- 3.3. Consultations may be undertaken during the election period to facilitate the day-to-day business of Council, to ensure matters continue to be proactively managed.
- 3.4. Consultations will avoid any express or implied links to the election.
- 3.5. Consultations under statutory provisions should only proceed after express agreement by the Chief Executive Officer and then if it relates solely to the normal day-to-day business of Council.

4. COUNCIL RESOURCES

- 4.1. It is an established democratic principle that public resources must not be used in a manner that would influence the way people vote in elections. Council therefore commits to the principle that it will ensure that Council resources are not used inappropriately during a Council election.
- 4.2. Council will ensure that due propriety is observed in the use of all Council resources, and Council employees are required to exercise appropriate discretion in that regard. In any

Election Period Policy 2024



- circumstances where the use of Council resources might be construed as being related to a candidate's election campaign, advice is to be sought from the Chief Executive Officer.
- 4.3. Council resources, including offices, support staff, hospitality services, equipment and stationery will be used exclusively for normal Council business during the election caretaker period, and shall not be used in connection with any electioneering activity.
 - 4.4. Reimbursements of Councillors' out-of-pocket expenses during the election caretaker period will only apply to costs that have been incurred in the performance of normal Council duties, and not for expenses that could be perceived as supporting or being connected with a candidate's election campaign.
 - 4.5. No Council events, logos, letterheads, or other Ararat Rural City Council branding should be used for, or linked in any way to, a candidate's election campaign.
 - 4.6. The Chief Executive Officer or any employee should not be asked to undertake any tasks connected directly or indirectly with electioneering.
 - 4.7. Photos or images taken by or provided by Council are not to be used by Councillors for the purposes of electioneering or in support of their election campaign. This applies equally to images on Council websites that may be able to be copied.
 - 4.8. No election material or active campaigning is to be conducted at any Council sponsored events or be displayed in any Council building.
 - 4.9. Allocations on budget for Councillors seminars/training and attendance at conferences are to be **allocated on a pro rata basis** between the commencement of the financial year and the election date, i.e. pro rata basis of 4 months out of 12-month period.
 - 4.10. The Council will also ensure other Ararat Rural City resources are not used inappropriately in ways that may influence voting in an election or provide an undue advantage for a candidate. This includes financial, human and material resources. Council employees must adhere to the following:
 - 4.10.1. Council employees will not undertake an activity that may affect voting in the election;
 - 4.10.2. Council employees will not authorise, use or allocate a Council resource for any purpose that may influence voting in the election; and
 - 4.10.3. Council employees who believe they are being placed in a compromising situation by a request from a Councillor should politely refer the Councillor to the Chief Executive Officer for clarification on their request.
 - 4.11. Prior to the election period the Chief Executive Officer will ensure that all Council employees are advised regarding the application of the caretaker procedures.
 - 4.12. Any employee who considers that a particular use of Council resources may influence voting in an election or provide an undue advantage for a candidate should advise Chief Executive Officer before authorising, using or allocating the resource. The Chief Executive Officer will decide if the use of Council resources is appropriate or not.
 - 4.13. In applying these principles, the Council understands that the following will be normal practice during election periods:
 - 4.13.1. Public events will only be organised and run if it is totally unavoidable to conduct such events during the caretaker period and then only with the express permission of the Chief Executive Officer;
 - 4.13.2. Speeches for Councillors will only be prepared by Council officers in relation to events that are part of the normal services or operation of the Council and such speeches will not be circulated or available for publication;
 - 4.13.3. Media services, including media releases, will not be provided for Councillors during

Election Period Policy 2024



the election period;

- 4.13.4. Media releases will not mention or quote any Councillor(s) during the caretaker period;
- 4.13.5. Councillor Newsletters will not be printed by Council during the election period; and
- 4.13.6. Neither the Council logo nor Council stationery will be used by Councillors in any way that relates to the election.
- 4.14. Equipment and facilities provided to Councillors for the purpose of conducting normal Council business will not be used for campaigning purposes.
- 4.15. Where Councillors have Council funded services, such as mobile phones, land lines and internet connections, and where it is impractical for Councillors to discontinue their use of these during the election, Councillors will reimburse the Council for usage of those services during the caretaker period that exceeds normal usage levels.
- 4.16. Councillors may wish to consider the specific ways to administer this procedure. For instance, Councillors may decide to use a private mobile phone for all election enquiries and publicise such on election literature.

5. INFORMATION

- 5.1. The Council recognises that all election candidates have rights to information from the Council administration. However, it is important that sitting Councillors continue to receive information that is necessary to fulfil their elected roles. Neither Councillors nor candidates will receive information or advice from Council officers that might be perceived to support election campaigns, and there shall be complete transparency in the provision of all information and advice during the election caretaker period.
- 5.2. Information and briefing material prepared by employees for Councillors during the election caretaker period will relate only to factual matters or to existing Council services to assist Councillors in conducting normal day to day activities.
- 5.3. An Information Request Register will be maintained by the Governance Unit commencing on the opening of nominations. This Register will be a public document (available for inspection) that records all requests for information of a non-election nature by all candidates, and the responses given to those requests.
- 5.4. Responses to candidates' requests will be provided by the Chief Executive Officer. Only information that can be reasonably accessed will be released.
- 5.5. Section 76D of the *Local Government Act 1989* prescribes serious penalties for any Councillor who inappropriately makes use of their position or information obtained in the role of Councillor, to gain an advantage.
- 5.6. Any Freedom of Information (Fol) applications lodged during the election period on matters such as expenses, costs etc. regarding current Councillors will be dealt with where possible outside of the election period (The Fol Act specifies a 30 day period in providing a response to a Fol application).

6. COMMUNICATION

- 6.1. Council communication will not be used in any way that might influence the outcome of a Council election.
- 6.2. During the election caretaker period, no employee will initiate any public statement that relates to an election issue. Public statements are not only formal press releases but also verbal comments at meetings, functions and events where attending as part of their Council role.

Election Period Policy 2024



- 6.3. Any requests for media advice or assistance from Councillors during the election period will be channelled through the Chief Executive Officer.
- 6.4. In response to media inquiries the Chief Executive Officer will only provide information that relates to current services and operations.
- 6.5. In the election period no media releases will be issued quoting or featuring the Mayor or Councillor(s).
- 6.6. During the election caretaker period, Council initiated communications shall be restricted to the communication of normal Council activities.
- 6.7. No media advice or assistance will be provided to Councillors in relation to election campaign matters.
- 6.8. No publicity will be provided that involves specific Councillors.
- 6.9. Councillors should not use their position as an elected representative or their access to Council employees and other Council resources or information in support of an election campaign. This includes photos or images provided by Council for past Council activities.
- 6.10. Sessions with the local media will be restricted to the communication of normal Council activities and responding to questions not involving the election or possible election outcomes.
- 6.11. Publicity of Council events (if any during the election period) will be restricted to the communication of normal Council activities.
- 6.12. Councillor participation at Council sponsored events (if any during the election period) should not be used to gain attention in support of an election campaign. Council sponsored events includes launches, events, and any other public forum outside of the normal Council meeting cycle – the easiest way to deal with these is to simply not have them during this time period.

7. COUNCIL PUBLICATIONS

- 7.1. Council will limit printing, publishing and distributing publications during an election period. This is to ensure that Council does not utilise public funds that may influence or be seen to influence people's voting intentions.
- 7.2. Council must not print, publish or distribute a publication during the election period unless it has been authorised in writing by the Chief Executive Officer.
- 7.3. The Chief Executive Officer must not authorise a publication that contains electoral matter.
- 7.4. Electoral matter is any matter that is intended or likely to affect voting in an election.
- 7.5. The authorisation by the Chief Executive Officer must be in writing and cannot be delegated. Authorisation wording – over the Chief Executive Officers signature - should be as follows *"Authorised by the Chief Executive Officer in accordance with the Election Period Policy"*
- 7.6. The following documents are Council publications:
 - Council newsletters
 - Advertisements and notices e.g. job advertisements, public notices of contracts etc.
 - Media releases
 - Leaflets and brochures
 - Mail-outs to multiple addresses

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All these publications will require authorisation by the Chief Executive Officer provided that the CEO is certain they do not contain electoral matter.

- 7.7. This Policy also applies to the publication of material specified in this Policy published on Council's website.
- 7.8. The recommended practice – in line with State and Federal Governments – is where possible to avoid all publication activity during the election period except where it is essential for the conduct of Council operations.
- 7.9. A number of Council publications with references to either current Councillors or candidates, both on website and public display will be withdrawn from such display during an election period.
- 7.10. During the election period Council's website will not contain material which is precluded by this Policy or the statutory requirements relating to publications. Any references to the election will only relate to the election process.
- 7.11. Profiles of the current Mayor and Councillors will be removed from Council's website during the election period but retain their contact details for their day-to-day role as Councillor i.e. names, photos and mobile numbers.
- 7.12. Any new material published on Council's web site during the election period that may be considered to be an advertisement, handbill, pamphlet or notice must also be subject to the certification process. Council agendas, minutes and the annual report are considered exempt from certification.
- 7.13. Council is required by the Act to produce an annual report, and the *Annual Report 2023/24* may be published during the election period. The *Annual Report* will not contain any material that could be regarded as overt electioneering or that inappropriately promotes individual Councillors but will fulfil its statutory obligations on reporting matters. It may also be required for the Annual Report to be the subject of a Council Meeting in October to confirm the completion of the Annual Report.
- 7.14. Social Media – any publication on social media sites such as Facebook or twitter which are auspice by Council will also require authorisation by the Chief Executive Officer. Similar requirements apply to Council blog sites.
- 7.15. Any matter that exists on Social Media pages that could be viewed as electoral matter will be removed including YouTube videos or photos of Councillors at publicity events, as is done with Councillor profiles on Council websites.

Social media activity during the caretaker period is to conform with the following:

- On all Facebook pages the "post comments" from all" facility to be disabled.
- Facebook posts to be kept to minimum, normal day-to-day activities only.
- No launches or announcements of any new projects, policy initiatives, or programs.
- You Tube videos to be removed and suspended during the period.
- No matter is permitted that may be construed as electoral matter – sites should be reviewed to ensure there is none.
- No hosting or responding to political content at all is permitted.
- During this time ensure moderation of Twitter and Facebook sites.
- Keep Twitter updates to a minimum – normal day-to-day business only.

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8. ASSISTANCE TO CANDIDATES

- 8.1. The Council affirms that all candidates for the Council election will be treated equally.
- 8.2. Any assistance and advice to be provided to candidates as part of the conduct of the Council election will be provided equally to all candidates.
- 8.3. All election related enquiries from candidates, whether sitting Councillors or not, will be directed to the Returning Officer or, where the matter is outside the responsibilities of the Returning Officer (for instance CEO Lists), to the Chief Executive Officer or a designated Council officer.

9. CARETAKER STATEMENT - SPECIAL COUNCIL MEETING REPORTS

- 9.1. As Council will not hold an ordinary Council Meeting this section only applies to reports for a Special Council Meeting, if such a meeting is called.
- 9.2. In order to facilitate compliance with its commitment to ensuring appropriate decision-making during elections, Council endorses the following procedure:

During the election period, the Chief Executive Officer will ensure that a "Caretaker Statement" is included in every report submitted to a Council meeting (if required) for a decision.

The "Caretaker Statement" will specify the following:

"The recommended decision is not a "Prohibited Decision", as defined in section 69 of the Local Government Act 2020."

During the caretaker period, the Council will not make a decision on any matter or report that does not include the Caretaker Statement.

10. DISCLAIMER

This Policy has been written to provide a guide only for Council employees, Councillors and candidates and is not a substitute for legal advice. Individuals should seek their own independent advice if they are unsure about any aspect of the Act and associated regulations in relation to the election period.

11. ADMINISTRATIVE UPDATES

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Council department, a change to the name of a Federal or State department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of Council.

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12. TERMS/DEFINITIONS

Term	Definition
Act	Local Government Act 2020
Foi	Freedom of Information

13. REFERENCES

In accordance with the Local Government Act 2020 and the Local Government Act 1989 transitional arrangements, the following sections of the Local Government Act 1989 are currently still in force.

<p>Section 76D</p> <p><i>Provision to be repealed on 24 October 2020</i></p>	<p>Misuse of Position</p> <p>1 A person who is, or has been, a Councillor or member of a special committee must not misuse his or her position:</p> <ul style="list-style-type: none"> (a) to gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person; or (b) to cause, or attempt to cause, detriment to the Council or another person. <p>Penalty: 600 penalty units or imprisonment for 5 years or both</p> <p>2 For the purposes of this section, circumstances involving the misuse of a position by a person who is, or has been, a Councillor or member of a special committee include:</p> <ul style="list-style-type: none"> (a) making improper use of information acquired as a result of the position he or she held or holds; or (b) disclosing information that is confidential information within the meaning of section 77(2); or (c) directing or improperly influencing, or seeking to direct or improperly influence, a member of Council staff in contravention of section 76E; or (d) exercising or performing, or purporting to exercise or perform, a power, duty or function that he or she is not authorised to exercise or perform; or (e) using public funds or resources in a manner that is improper or unauthorised; or (f) failing to disclose a conflict of interest as required under this Division. <p>3 This section:</p> <ul style="list-style-type: none"> (a) has effect in addition to, and not in derogation from, any Act or law relating to the criminal or civil liability of Councillors or members of special committees; and (b) does not prevent the institution of any criminal or civil proceedings in respect of that liability.
<p>Section 95</p> <p><i>Provision to be repealed 1 July 2021</i></p>	<p>Conduct Principles</p> <p>Council staff must in the course of their employment:</p> <ul style="list-style-type: none"> (a) act impartially; (b) act with integrity including avoiding real or apparent conflicts of interest; (c) accept accountability for results; and (d) provide responsive service.
<p>Section 223</p>	<p>Right to make Submission</p> <p>Section 223 is not being repealed and has limited ongoing application.</p>

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 14991

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

Sections 53 and 54 of the *Local Government Act 2020 (the Act)* requires that Council establish an Audit and Risk Committee and adopt an Audit and Risk Committee Charter, including an Annual Work Program.

DISCUSSION

Section 53 of *the Act* requires that Council must establish an Audit and Risk Committee that must include members who are Councillors and majority of members who are not Councillors, who collectively have skills and expertise in financial management, risk and public sector management. It is important to note that no member of Council staff is to be a member of the Audit and Risk Committee.

Section 53(2) of *the Act* clearly indicates that the Audit and Risk Committee is not a delegated Committee of Council.

The Audit and Risk Committee Charter must specify the role and responsibilities of the Audit and Risk Committee including:

- monitoring the compliance of Council policies and procedures with:
 - the overarching governance principles
 - the Local Government Act 2020 and the regulations and any Ministerial directions
- monitoring Council financial and performance reporting;
- monitoring and providing advice on risk management and fraud prevention systems and controls;
- overseeing the internal and external audit functions.

The Audit and Risk Committee is required to provide the following items:

- an annual assessment of its performance against the Audit and Risk Committee Charter;
- a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations;
- an annual work plan.

The Chief Executive Officer has responsibility for ensuring that agendas and minutes of Audit and Risk Committee meetings are maintained and reporting to Council required by *the Act* is undertaken.

The draft annual work plan is based on the activities and functions of the Audit and Risk Committee identified in the Charter.

The membership of Council's Audit and Risk Committee is:

- Two Councillors;
- Three external members with suitable skills and experience. The Audit and Risk Committee Chair will be appointed from this group.

Councillor members are appointed annually at Council's Statutory Meeting. External members are appointed for a three-year term and may be reappointed for two additional three-year terms.

The current Audit and Risk Committee members are:

- Ms Jessica Adler (Chair)

- Cr Jo Armstrong
- Cr Bob Sanders
- Mr Robert Tomasini
- Mr Greg Jakob

The only changes to this Charter are general review of the content and administrative changes.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

Adopting and implementing the Audit and Risk Committee Charter aligns with the following Council Plan Objectives:

6.2. Ensure appropriate risk management is applied to Council and organisational decisions. Council's internal function is applied to areas of perceived risk.

Budget Implications

Reviewing the Audit and Risk Committee Charter will have no additional budget implications for Council.

Policy/Relevant Law

Audit and Risk Charter complies with the requirements of sections 53 and 54 of Local Government 2020 Act.

Sustainability Implications

None identified.

Risk Assessment

There are no significant risks involved in reviewing the Audit and Risk Committee Charter.

Innovation and Continuous Improvement

The Audit and Risk Committee will follow the work of Council's Audit Committee, in providing a driver and sounding board for organisational improvement, innovation and service review.

Stakeholder Collaboration and Community Engagement

The revised Audit and Risk Charter was presented to the Audit and Risk Committee on 2 April 2024.

The revised Audit and Risk Charter was presented to the Council briefing on 9 April 2024

RECOMMENDATION

That:

1. Council approves the Audit and Risk Charter

MOVED CR J ARSMTRONG

SECONDED CR BURRIDGE

That:

1. Council approves the Audit and Risk Charter

CARRIED 4972/24

ATTACHMENTS

The Audit and Risk Committee Charter is provided as attachment 3.5



Ararat Rural City Council Audit and Risk Committee Charter

DOCUMENT CONTROL

Category Type: Policy
Type: Council
Responsible Officer: Chief Executive Officer

Date Last Reviewed: 21 July 2020
Date Approved: xxxxxx
Review Date: December 2025

Revision No: 1

Stakeholder Engagement:
Councillors
Chief Executive Officer

Audit and Risk Committee Charter



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Audit and Risk Committee Charter



1 PURPOSE

Ararat Rural City Council has established an Audit & Risk Committee (the Committee) pursuant to Section 53 of the Local Government Act 2020 (the Act) to support Council in discharging its oversight responsibilities related to financial and performance reporting, risk management, fraud prevention, maintenance of a sound internal control environment, assurance activities including internal and external audit and Council's performance with regard to compliance with its policies and legislative and regulatory requirements. It acts in this capacity by monitoring, reviewing, endorsing and advising on the above matters as set out in this Charter. This Charter has been developed in accordance with Section 54 of the Act.

The appointment of independent members to the Committee as outlined in this Charter enables the Committee to provide advice to Council on matters related to its responsibilities based on broader skills and experience than might otherwise be the case and in so doing bring additional benefits to Council.

The Committee has no executive authority and no delegated financial responsibilities and is therefore independent of management.

2 AUTHORITY

The Committee is directly responsible to Council for discharging its responsibilities as set out in this Charter. The Committee will have no delegated authority from Council.

The Committee has the authority to:

- Endorse key documents and reports that must be approved by Council, including annual financial reports, annual performance statements, new or revised policies and other documents that assist in maintaining a strong internal control environment;
- Approve internal and external audit plans, including internal audit plans with an outlook of greater than one year;
- Provide advice and make recommendations to Council on matters within its areas of responsibility;
- Retain counsel of relevant independent experts where it considers that is necessary in order to execute its responsibilities, subject to prior agreement with the Chief Executive Officer;
- Seek any relevant information it requires from Council, Council Officers (who are expected to co-operate with the Committee's requests) and external parties;
- Meet with Council Officers, internal and external auditors and other parties as required to discharge its responsibilities.

The Committee will, through the Chief Executive Officer, have access to appropriate management support to enable it to discharge its responsibilities effectively.

3 MEMBERSHIP AND TENURE

The Committee will consist of five members, appointed by Council, three of whom must be independent members. Council employees cannot be members of the Committee. Details of membership and tenure are set out below:

Independent Members

- 3.1 Independent members will be appointed for three-year terms;
- 3.2 Independent members may be reappointed for two additional three-year terms subject to satisfactory performance, that is, a maximum of nine years;
- 3.3 Independent members will collectively possess a proficiency in financial management, reporting, and risk management, coupled with extensive experience in public sector management.
- 3.4 Independent members terms of appointment will be set so that as far as possible only one member retires at a time in order to minimise the loss of knowledge of Council's business that may occur on change of membership;
- 3.5 Remuneration will be paid to independent members as approved by Council from time to time;

Councillor Members

- 3.6 Councillor members will be appointed to the Committee by Council annually;

Audit and Risk Committee Charter



- 3.7 Councillors are not entitled to a fee for sitting as a member of the Committee; should an appointed Councillor member not be able to attend a Committee meeting, Council may appoint an alternate member to act in such circumstances, either on a meeting by meeting basis or for the entire year;

Chairperson

- 3.8 The Chairperson of the Committee must be an independent member;
3.9 Council will appoint the Chairperson of the Committee;
3.10 If the Chairperson is unable to attend a meeting, the members in attendance at the meeting will appoint a Chairperson for that meeting from among the attending members;

Quorum for Meetings

- 3.11 A quorum shall comprise at least one Councillor member and two independent members

4 MEETINGS

The Committee will meet four times a year, with authority to convene additional meetings, as circumstances require;

- 4.1 A schedule of meetings will be developed annually and agreed by members;
4.2 All Committee members are expected to attend each meeting in person, although in special circumstances members can attend through electronic means;
4.3 The Committee will invite members of Council's management team, the internal and external auditors and other personnel as appropriate to attend meetings, in consultation with the Chief Executive Officer. The Chief Executive Officer and Governance and Risk Lead will attend all meetings, except for confidential matters;
4.4 Committee members and the internal and external auditors can request the Chairperson to convene additional meetings if they feel that is justified to address unexpected matters that may have arisen;
4.5 Meeting agendas and appropriate briefing materials will be provided to members at least one week before each meeting;
4.6 Minutes will be prepared for all meetings;

5 RESPONSIBILITIES

The Committee will be responsible for:

Financial and Performance Reporting

- 5.1 At least annually review significant accounting and external reporting issues, including complex or unusual transactions, transactions and balances in areas where judgement is required, changes to accounting policies, recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the annual financial report and the audit thereof;
5.2 At least annually review changes to the Local Government Performance Reporting Framework and understand the impact of those changes on Council's performance indicators;
5.3 Review the annual financial report and annual performance statement and consider whether they are complete, consistent with information known to Committee members, reflect appropriate accounting treatments and adequately disclose Council's financial performance and position;
5.4 Review with management and the external auditors the results of the audit, including any difficulties encountered by the auditors and how they were resolved;
5.5 Recommend the adoption of the annual financial report and annual performance statement to Council; and
5.6 Review the appropriateness of the format and content of periodic management financial reports and performance statements to Council as required.

Internal Control Environment

- 5.7 Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment. This should be done on a rotational basis over a three to four year period;
5.8 Determine whether systems and controls are reviewed regularly and updated where required;
5.9 Monitor significant changes to systems and controls to assess whether those changes significantly impact Council's risk profile;
5.10 Ensure that a program is in place to test compliance with systems and controls;
5.11 Assess whether the control environment is consistent with Council's Governance Principles.

Audit and Risk Committee Charter



Risk Management

- 5.12 Review annually the effectiveness of Council's risk management framework;
- 5.13 Review Council's risk appetite statement and the degree of alignment with Council's risk profile;
- 5.14 Review Council's risk profile and the changes occurring in the profile from meeting to meeting;
- 5.15 Review Council's treatment plans for significant risks, including the timeliness of mitigating actions and progress against those plans;
- 5.16 Review the insurance program annually prior to renewal; and
- 5.17 Review the approach to business continuity planning arrangements, including whether business continuity and disaster recovery plans have been regularly updated and tested.

Fraud Prevention Systems and Controls

- 5.18 Review Council's Fraud Prevention policies and controls, including the Fraud Control Plan and fraud awareness programs at least very two years;
- 5.19 Receive reports from management about actual or suspected instances of fraud or corruption including analysis of the underlying control failures and action taken to address each event; and
- 5.20 Review reports by management about the actions taken by Council to report such matters to the appropriate integrity bodies.

Internal Audit

- 5.21 Review the Internal Audit Charter regularly to determine that it provides an appropriate functional and organisational framework to enable Council's internal audit function to operate effectively and without limitations;
- 5.22 Review and approve the three-year strategic internal audit plan, the annual internal audit plan and any significant changes to them;
- 5.23 Review progress on delivery of annual internal audit plan;
- 5.24 Review and approve proposed scopes for each review in the annual internal audit plan;
- 5.25 Review reports on internal audit reviews, including recommendations for improvement arising from those reviews;
- 5.26 Meet with the leader of the internal audit function at least annually in the absence of management;
- 5.27 Monitor action by management on internal audit findings and recommendations;
- 5.28 Review the effectiveness of the internal audit function and ensure that it has appropriate authority within Council and has no unjustified limitations on its work;
- 5.29 Ensure that the Committee is aware of and appropriately represented with regard to any proposed changes to the appointment of the internal audit service provider, including being appropriately briefed on the need for any proposed change;
- 5.30 Recommend to Council, if necessary, the termination of the internal audit contractor.

External Audit

- 5.31 Annually review and approve the external audit scope and plan proposed by the external auditor;
- 5.32 Discuss with the external auditor any audit issues encountered in the normal course of audit work, including any restriction on scope of work or access to information;
- 5.33 Ensure that significant findings and recommendations made by the external auditor, and management's responses to them, are appropriate and are acted upon in a timely manner;
- 5.34 Review the effectiveness of the external audit function and ensure that the Victorian Auditor General's Office (VAGO) is aware of the Committee's views;
- 5.35 Consider the findings and recommendations of any relevant performance audits undertaken by VAGO and monitor Council's responses to them; and
- 5.36 Meet with the external auditor at least annually in the absence of management.

Compliance Management

- 5.37 Review the systems and processes implemented by Council for monitoring compliance with relevant legislation and regulations and the results of management's follow up of any instances of non-compliance;
- 5.38 Review the processes for communicating Council's Employee Code of Conduct to employees and contractors and for monitoring compliance with the Code;
- 5.39 Obtain briefings on any significant compliance matters; and
- 5.40 Receive reports from management on the findings of any examinations by regulatory or integrity agencies (whether related to investigations at Council or other agencies), such as the Ombudsman, IBAC, Victoria Government Inspectorate, etc. and monitor Council's responses.

Audit and Risk Committee Charter



- 6.1 Minutes of Committee meetings will be provided to Council at the first available opportunity after clearance by the Committee Chairperson following each Committee meeting;
- 6.2 The Chairperson will prepare a report to Council through the Chief Executive Officer on the Committee's activities twice per annum. One of these reports will be prepared after the meeting at which the annual financial report and the annual performance statement have been considered and recommended to Council for adoption, such report indicating how the Committee has discharged its responsibilities as set out in this Charter for the previous year.

7 PERFORMANCE EVALUATION

The Committee shall undertake a process to evaluate its performance annually and report the outcomes of the evaluation process to Council through the Chief Executive Officer, including recommendations for any opportunities for improvement. The evaluation will include feedback from both Committee members and senior officers who have regular interactions with the Committee.

8 COMMITTEE MEMBER REGULATORY OBLIGATIONS

Committee members are expected to be aware of their obligations under Section 53 of the Act. These obligations relate to misuse of position as a member of the Committee (Section 123), confidential information (Section 125) and conflict of interest (Sections 126 to 131). Details about these obligations are included in Appendix A to this Charter.

9 REVIEW OF CHARTER

The Committee shall review and assess the adequacy of the Charter every two years or earlier if necessary and submit requests to Council through the Chief Executive Officer for revisions and improvements for approval.

10 ANNUAL WORK PROGRAM

Section 54(3) of the Local Government Act 2020 requires that an Audit and Risk Committee must adopt an annual work program. Details of the annual work program is included in Appendix B.

Audit and Risk Committee Charter



Appendix A Committee Member Regulatory Obligations

Guidance to Members

LGA Section	LGA Requirement
Misuse of Position	
123(1)	A Committee member must not intentionally misuse their position to: <ul style="list-style-type: none"> a) Gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person; or b) Cause, or attempt to cause, detriment to the Council or another person
123(3)	Circumstances involving misuse of a position by a member of the Committee include: <ul style="list-style-type: none"> a) Making improper use of information acquired as a result of being a member of the Committee; or b) Disclosing information that is confidential information; or c) Directing or improperly influencing, or seeking to direct or improperly influence, a member of Council staff; or d) Exercising or performing, or purporting to exercise or perform, a power, duty or function that the person is not authorised to exercise or perform; or e) Using public funds or resources in a manner that is improper or unauthorised; or f) Participating in a decision on a matter in which the member has a conflict of interest.
Confidential Information	
125	A member of the Committee must not intentionally or recklessly disclose information that the member knows, or should reasonably know, is confidential information. There are some exemptions to this requirement, the key one being that if the information disclosed by the member has been determined by Council to be publicly available.
Conflicts of Interest	
126	A member of the Committee has a conflict of interest if the member has: <ul style="list-style-type: none"> a) A general conflict of interest as described in Section 127; or b) A material conflict of interest as described in Section 128.
127	A member of the Committee has a general conflict of interest in a matter if an impartial, fair-minded person would consider that the members private interests could result in that member acting in a manner that is contrary to their public duty as a member of the Committee.
128	A member of the Committee has a material conflict of interest in a matter if an affected person would gain a benefit or suffer a loss depending on the outcome of the matter.
<p>Please Note</p> <p><i>The above guidance is not verbatim from the Act and does not include all details as explained in Part 6, Division 1 of the Act. For a full understanding of the requirements of the Act in relation to the matters summarised above, members are expected to make themselves fully aware of the requirements of the Act.</i></p>	

Audit and Risk Committee Charter



Appendix B Committee Annual Work Plan

Financial and Performance Reporting						
Ref.	Item	Sept	Dec	Mar	Jun	As req
5.1	Review significant accounting and external reporting issues	✓				
5.2	Review changes to the Local Government Performance Reporting Framework	✓				
5.3	Review the annual financial report and annual performance statement	✓				
5.4	Review with management and the external auditors the results of the audit	✓				
5.5	Recommend the adoption of the annual financial report and annual performance statement to Council	✓				
5.6	Review the appropriateness of the format and content of periodic management financial reports and performance statements		✓			
Internal Control Environment						
Ref.	Item	Sept	Dec	Mar	Jun	As req
5.7	Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment*		✓			
5.8	Determine whether systems and controls are reviewed regularly and updated where required*		✓			
5.9	Monitor significant changes to systems and controls to assess whether those changes significantly impact Council's risk profile		✓			
5.10	Ensure that a program is in place to test compliance with systems and controls			✓		
5.11	Assess whether the control environment is consistent with Council's Governance Principles			✓		
Risk Management						
Ref.	Item	Sept	Dec	Mar	Jun	As req
5.12	Review annually the effectiveness of Council's risk management framework				✓	
5.13	Review Council's risk appetite statement and the degree of alignment with Council's risk profile				✓	
5.14	Review Council's risk profile and the changes occurring in the profile from meeting to meeting				✓	
5.15	Review Council's treatment plans for significant risks				✓	
5.16	Review the insurance program annually prior to renewal				✓	
5.17	Review the approach to business continuity planning arrangements				✓	
Fraud Prevention Systems and Controls						
Ref.	Item	Sept	Dec	Mar	Jun	As req
5.18	Review Council's Fraud Prevention policies and controls, including the Fraud Control Plan and fraud awareness programs			✓		
5.19	Receive reports from management about actual or suspected instances of fraud or corruption					✓
5.20	Review reports by management about the actions taken by Council to report such matters to the appropriate integrity bodies.					✓

*relates to Audit and Risk Committee Rolling Four Year Review of Internal Control Environment

Audit and Risk Committee Charter



Internal Audit						
Ref.	Item	Sept	Dec	Mar	Jun	As req
5.21	Review the Internal Audit Charter regularly			✓		
5.22	Review and approve the three-year strategic internal audit plan, the annual internal audit plan			✓		
5.23	Review progress on delivery of annual internal audit plan				✓	
5.24	Review and approve proposed scopes for each review in the annual internal audit plan					✓
5.25	Review reports on internal audit reviews, including recommendations for improvement arising from those reviews	✓	✓	✓	✓	
5.26	Meet with the leader of the internal audit function at least annually in the absence of management				✓	
5.27	Monitor action by management on internal audit findings and recommendations	✓	✓	✓	✓	
5.28	Review the effectiveness of the internal audit function and ensure that it has appropriate authority within Council and has no unjustified limitations on its work				✓	
5.29	Ensure that the Committee is aware of and appropriately represented with regard to any proposed changes to the appointment of the internal audit service provider					✓
5.30	Recommend to Council, if necessary, the termination of the internal audit contractor					✓
External Audit						
Ref.	Item	Sept	Dec	Mar	Jun	As req
5.31	Annually review and approve the external audit scope and plan proposed by the external auditor			✓		
5.32	Discuss with the external auditor any audit issues encountered in the normal course of audit work, including any restriction on scope of work or access to information	✓				
5.33	Ensure that significant findings and recommendations made by the external auditor, and management's responses to them, are appropriate and are acted upon in a timely manner	✓				
5.34	Review the effectiveness of the external audit function and ensure that the Victorian Auditor General's Office (VAGO) is aware of the Committee's views	✓				
5.35	Consider the findings and recommendations of any relevant performance audits undertaken by VAGO and monitor Council's responses to them		✓			
5.36	Meet with the external auditor at least annually in the absence of management	✓				
Compliance Management						
Ref.	Item	Sept	Dec	Mar	Jun	As req
5.37	Review the systems and processes implemented by Council for monitoring compliance with relevant legislation and regulations			✓		
5.38	Review the processes for communicating Council's Employee Code of Conduct to employees and contractors and for monitoring compliance with the Code;			✓		
5.39	Obtain briefings on any significant compliance matters			✓		
5.40	Receive reports from management on the findings of any examinations by regulatory or integrity agencies			✓		

Audit and Risk Committee Charter



Ref.	Item	Sept	Dec	Mar	Jun	As req
6	Biannual report to Council	✓		✓		
7	Annual performance evaluation		✓			

3.6 RISK MANAGEMENT POLICY AND RISK MANAGEMENT FRAMEWORK

RESPONSIBLE OFFICER: GOVERNANCE AND RISK LEAD
DEPARTMENT: CEO's OFFICE
REFERENCE: 14992

OFFICERS DECLARATION OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

A review of Council's Risk Management Policy has been undertaken. The Risk Management Policy was last reviewed in September 2021. This document is reviewed every 2 years.

As part of the review of Council's Risk Management documents, the Risk Management Framework was also reviewed.

DISCUSSION

The Risk Management Policy sets out the processes, responsibility and accountability for risk management within Ararat Rural City Council.

The Risk Management Policy and Risk Management Framework documents provide a comprehensive strategic approach to managing risk within the organisation.

As an organisational wide document, the Risk Management Framework is continuously reviewed as the organisation culture of risk management is embedded into the way Council does business.

Other than a general review of the content and administrative changes, including updating the Australian Standards there were no further amendments.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

6.2. Ensure appropriate risk management is applied to Council and organisational decisions. Council's internal function is applied to areas of perceived risk.

Budget Implications

There are no direct budget implications in relation to the review of the Risk Management Policy and Framework documents.

Policy/Legal/Statutory

Local Government 2020 Act
AS / NZS ISO 31000:2018 Risk Management – Principles and guidelines

Risk Assessment

The establishment of an organisational wide culture that ensures effective and integrated risk management is embedded in all activities and business processes.

Innovation and Continuous Improvement

These documents provide a comprehensive strategic approach to managing risk within the organisation. Embedding of a risk culture throughout the organisation will be ongoing.

Stakeholder Consultation and Communication

The revised Risk Management Policy and Risk Management Framework were presented to the Audit and Risk Committee on 2 April 2024.

The draft Risk Management Policy and draft Risk Management Framework were presented to the Council briefing on 9 April 2024

RECOMMENDATION

That Council:

- 1. Adopt the Risk Management Policy; and*
- 2. Note the revised Risk Management Framework document.*

**MOVED CR ALLGOOD
SECONDED CR R ARMSTRONG**

That Council:

1. Adopt the Risk Management Policy; and
2. Note the revised Risk Management Framework document.

CARRIED 4973/24

ATTACHMENTS

The Risk Management Policy; and Risk Management Framework are provided as Attachment 3.6



Risk Management Policy

DOCUMENT CONTROL

Category Type: Policy
Type: Council
Responsible Officer: Governance and Administration Coordinator

Last Review Date: 21 September 2021
Date Approved: xxxxxxxxxxxx
Next Review Date: December 2025

Revision No: 7

Stakeholder Engagement:
Councillors
Audit and Risk Committee
Chief Executive Officer
Governance and Risk Lead

Risk Management Policy



INTENT

Ararat Rural City Council provides a wide variety of services and facilities and operates in an environment that is often challenging and complex.

Council is committed to achieving sound risk management practices by identifying, assessing, treating and monitoring risks and ensuring that the organisation is able to achieve its long-term financial objectives. Council will establish an organisational culture that ensures that an effective and integrated risk management approach is embedded in all activities and business processes.

The Risk Management Policy supports Council's strategic objective to "6.2 Ensure appropriate risk management is applied to Council and organisational decisions. Council's internal function is applied to areas of perceived risk.". Council has established a set of values which are implicit in work practices, including risk management and guide Council in servicing the community.

POLICY

The purpose of this policy is to understand, manage and mitigate the potential risk that Council is exposed to.

This policy supports a structured and focused approach to managing risk. It complements the strategies adopted by Council to achieve its strategic objectives, in order to increase confidence and enhance the value the Council provides to its stakeholders.

Risk management principles will be applied at all stages of an activity, function, asset or project and is an integral part of the overall management process.

As far as is reasonably practicable Council will ensure that the organisation's operations do not place people, property or the environment at unacceptable levels of risk or harm. This includes, but is not restricted to, observing procedures agreed between management, employees, committees, volunteers and contractors.

Council is committed to ensuring that effective risk management provides:

- Protection for the organisation, Council assets and Councillors, employees, contractors, stakeholders and community against reasonably foreseeable risks;
- Promotion and support of risk management practices, which encourage and empower staff in managing risk;
- Monitoring of risk management practices to ensure a more effective allocation and use of resources;
- Improved incident management and reduce loss and the cost of risk, including commercial insurance premiums;
- Improved stakeholder confidence and trust; and
- Improved compliance with relevant legislative requirements.

Council is responsible for adopting a Risk Management Policy and ensuring there is adequate budgetary provision for the implementation and maintenance of this policy.

Risk management as a practice is integrated with the Council Plan, Budget, key performance indicators, staff position descriptions and staff performance appraisals, with training needs identified and delivered through a training plan.

The Policy should be read in conjunction with the Risk Management Framework.

Risk Management Policy



Risk Management Framework

To effectively implement the Risk Management Policy, Council has developed a Risk Management Framework. Council utilises the Risk Management Framework to provide guidance for managing risks within the organisation. The objective of the Risk Management Framework is to provide readily accessible, user-friendly and comprehensive materials that enable Council to:

- Respond to the strategic objectives of the Council Plan;
- Embed into the organisation a commitment to the Risk Management Framework;
- Document the accountability for the management and reporting of risks; and
- Support a consistent risk management practice aligned to the Standard.

Set out below is a diagram illustrating how the Risk Management Framework interacts with other key organisational documents.



Risk Management Framework, Roles and Responsibilities

Risk Management Policy



It is important that everyone is aware of their individual and collective risk management responsibilities. Risk Management is not the sole responsibility of one individual, but is supported at all levels of Council as illustrated below:



Strategic Risk Management

Council will maintain a strategic risk register including the key risks in the external and internal operating environment that could materially impact the delivery of Council services and its strategic objectives.

A summary of strategic risks, controls and improvement actions will at a minimum:

- Be considered by the Council at the commencement of the annual planning process;
- Be considered by the Audit and Risk Committee as part of development of the Internal Audit and Compliance Plan; and
- Be considered by the Chief Executive Officer on a quarterly basis.

Operational Risk Management

Council will maintain an operational risk register including the key risks faced by each area of Council in the internal operating environment.

While risk management will be continuous, a full operational risk review will be conducted twice a year.

Officers are accountable for the management of operational risks within their respective areas.

Risk Appetite and Tolerance

Council's Risk Management Policy and Framework are built upon the understanding that some risks, no matter how many controls are in place, involve potentially very serious consequences. Council is statutorily mandated to undertake and provide some services and activities that have a high-risk rating irrespective of controls in place.

Risk Management Policy



Risk appetite expresses Council's attitude towards risk and its aspirations. It provides guidance for management on how to approach the treatment of risks that are inherent in undertaking Council activities. Where we have expressed "no appetite" for certain risks, in many cases it may not be possible and/or economically feasible to reduce risk to zero however this does not deter Council from its endeavour to minimise risk using all practicable steps in these areas.

The management of risk is subject to the same discipline of business case consideration that applies to all Council activities and controls. In considering its approach to risk Council has developed the following appetite statements for each of Council's risk categories.

Finance	We have a no appetite for decisions that have a significant negative impact on Council's long-term financial sustainability.
Governance	We have a low appetite for compliance breaches. We have a low appetite for non-compliance with legal, professional and regulatory requirements. We have a low appetite for risk associated with the loss of knowledge.
Service Delivery	We have a low appetite for risks that have a significant impact on the core operating or corporate systems of the organisation. We have a low appetite for risks arising from inadequate trained employees or failed internal processes. We have a high appetite for risks associated with innovations that create and encourage a flexible workforce. We have a low appetite for system failures or information and data security breaches. We have a low appetite for third party partner (contractors) failure which significantly impacts on Council and the community. We have a high appetite for improvements to service delivery and improved efficiency of Council operations.
Environmental	We have a medium appetite for decisions that promote economically sustainable development.
Reputation	We have a low appetite for risks that may result in widespread and sustained damage to its reputation We have no appetite for internal fraud, collusion, theft and associated reputational risk. We have a medium appetite for risks associated with changes in policy or the political environment.
Occupational Health and Safety	We have no appetite for compromising the safety and welfare of Councillors, employees, volunteers, stakeholders and members of the public.

Performance and Monitoring

Risk management performance and monitoring is measured and reported in a number of ways including:

- Undertake risk assessments for key operations, projects and strategies on a regular basis;
- Ensuring that risk management system and strategic risks report are presented to the Council, the Audit and Risk Committee and Chief Executive Officer on a regular basis;
- Effectively responding to internal and external audit recommendations;
- Develop and monitoring of Key Performance Indicators (KPI's) as outlined in the Risk Management Framework;
- Review of Risk Management Policy and Risk Management Framework every two years or as required.
- Review of the Fraud and Corruption policy every two years or as required; and
- Monitor issues, topics and subjects that may impact on future operations to identify emerging risks.

Risk Management Policy



The Risk Management Policy and Framework are structured to meet AS ISO 31000:2018 guidelines and to support the delivery of the Council services and Council Plan strategic objectives.

ADMINISTRATIVE UPDATES

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Council department, a change to the name of a Federal or State department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of Council.

SUPPORTING DOCUMENTS AND REFERENCES

AS / NZS ISO 31000:2018 Risk Management – Principles and guidelines
Council Vision 2031
Council Plan 2021-2025
Risk Management Framework
Risk Management Registers
Fraud and Corruption Policy

Risk Management Policy



DEFINITIONS

TERM	DEFINITION
Controls	Measurable activities that are intended to modify the level of risk.
Monitoring	Continual checking or surveillance to determine the status and effectiveness of controls and treatments.
Operational Risks	Risks associated with daily operations to deliver core services.
Risk	An event or uncertainty that will stop the organisation in achieving its objectives.
Risk Appetite	The level of risk Council is prepared to accept, tolerate or be exposed to at any point in time. Once the risk appetite threshold has been breached, risk management controls and actions are required to bring the exposure level back within the accepted range.
Risk Management	The coordinated activities (culture, processes, and systems) to identify, analyse, mitigate, monitor and report risks.
Risk Management Framework	Provides a structure for the management of risk.
Risk Tolerance	The level of risk that Council is prepared to accept, before action is deemed necessary to reduce it.
Strategic Risks	Risks associated with high level strategic objectives that align to the Council Plan.



Risk Management Framework

DOCUMENT CONTROL

Category Type: Policy/Framework
Type: Administrative
Responsible Officer: Governance and Risk Lead

Last Review Date: 21 September 2021
Date Approved: XXXXXXXXXXXX
Next Review Date: December 2025

Revision No: 2

Stakeholder Engagement:
Councillors
Audit and Risk Committee
Chief Executive Officer
Council Officers

Risk Management Framework



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Risk Management Framework



1 INTRODUCTION

Ararat Rural City Council operates within the framework of local government defined by the *Local Government Act 2020* and provides a wide variety of services, compliance and regulatory functions to the community.

Council recognises that risk exists in all aspects of its operations. It takes seriously the impact of risk on business continuity and is committed to an approach that embraces a strong risk management culture. Risk management should become the business and culture of everyone in the organisation, with ownership extended to all staff, volunteers and contractors.

Consideration to risk management will be undertaken at all stages of an activity, function, asset or project and is an integral part of the overall management process. Along with the Risk Management Policy, the Risk Management Framework supports Council's strategic objective of "6.2 Ensure appropriate risk management is applied to Council and organisational decisions. Council's internal function is applied to areas of perceived risk".

The Risk Management Framework provides an operational aid to assist the organisation to prevent or minimise the adverse effects of all types of risks associated with its operations and capitalise on positive opportunities, including:

- Positively influence Council's risk management culture;
- Increase the organisation's capacity to deliver services, in particular Council's strategic objectives;
- Focus the organisation on its critical risk issues; and
- Reduce Council's exposure to risks.

The key objectives of effective management of risks are identified below:

- A process that focuses on ensuring the achievement of the Council Plan strategic objectives;
- Increasing stakeholder confidence in the Council;
- A greater awareness of the risks that could interrupt service delivery;
- Clear accountability for actions developed to reduce the impact of risks on service delivery;
- Engagement of the whole of the organisation in a consistent way of thinking about risk management;
- Processes that provide for input and evaluation of any risks identified by an employee;
- Increased ability to deal with cross-functional activity. A process that brings together different parts of the organisation to address a risk that impacts across their areas of work;
- Recognition from insurers of Council's progress towards reducing risks;
- Management ability to report to Council and the Audit and Risk Committee on performance in the management of critical risks;
- Facilitates innovation, cooperation and sharing of resources.

The AS ISO 31000:2018 – Risk Management Guidelines defines risk as "the effect of uncertainty on objectives". Council utilises the framework provided by the standard to develop and implement its approach to:

- Communication and consultation;
- Risk identification;
- Risk analysis;
- Risk evaluation;
- Risk treatment; and
- Monitoring and review;

(refer to Figure 1 – Risk Management Framework and Process)

Risk Management Framework



Risks can emerge as circumstances change and as such the process of risk management is continual.

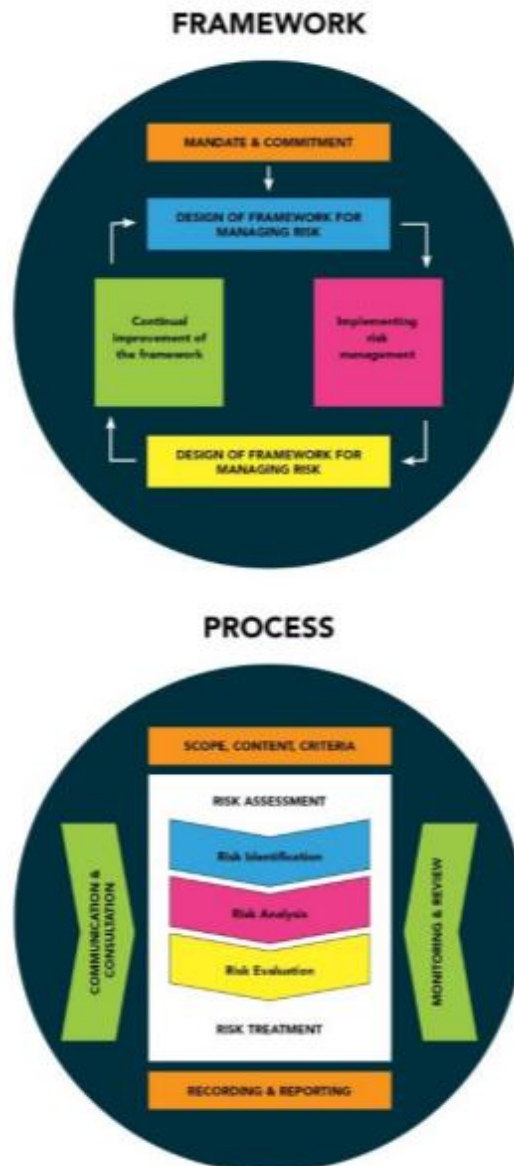


Figure 1 - Risk Management Framework and Process

Risk Management Framework



2 INTEGRATION

The Risk Management Framework provides the methods and processes Council uses to manage risks and identify opportunities in every part of the organisation. Governance guides the direction of the organisation and provides the rules, processes and practices necessary for Council to achieve its strategic objectives.

Risk management is not just about the risk assessment process nor is it a standalone discipline. In order to maximise the risk management benefits and opportunities, it requires integration through Council's entire operations, as follows:

2.1 Decision Making

Risk implications will be incorporated into all Council and Committee reports to aid decision making.

2.2 Council Policies and Procedures

Council policies and procedures assist to direct response and organisational direction and minimise risk through promoting consistency, establishing precedents, and expected actions/outcomes, helping to avoid inefficient, inconsistent and ineffective decisions. Council policies and procedures are of direct relevance to ratepayers and the community and help establish parameters that align with community expectations, ensuring legislative and statutory compliance and therefore assisting in risk management.

2.3 Council Planning

Risk management raises issues ranging from the highest strategic level of the organisation down to the detailed issues of service delivery and the management of community assets.

The Risk management process will be considered as part of the Council Planning process, from the capital works and other asset management programs to the business planning activity of Council's business.

2.4 Audit and Risk Committee Process

The processes of risk management will feed into the reporting mechanisms required by the Audit and Risk Committee. It will inform the Audit and Risk Committee of the work done to address risks within the organisation.

2.5 Strategic and Organisational Risks

Strategic Risks are identified from both the external environment and Council's strategic objectives. Operational Risks arise from Council's day-to-day functions and operations to deliver services. Strategic Risks and Operational Risks are monitored by the Chief Executive Officer, with all risk assessments captured in the Risk Register.

2.6 Emergency Management

Council plans for and undertakes prevention, preparedness, response and recovery activities to support its community in the event of emergencies and natural resources. This process includes alignment and cooperation with lead agencies and other Councils in the region as well as providing information and training for employees to protect them from harm whilst responding to emergencies and natural disasters. The Municipal Emergency Management Plan (MEMP) includes a Community Emergency Risk Assessment (CERA) process conducted by the members of the Municipal

Risk Management Framework



Emergency Management Planning Committee (MEMPC) with input from other various agency experts.

2.7 Business Continuity Plan / Disaster Recovery Plan

Council is obliged to ensure that critical business functions continue after a business interruption. Council has developed the Business Continuity Plan and Disaster Recovery Plan, taking into consideration reasonably foreseeable risks and their potential impact on the achievement of Council's strategic objectives.

2.8 Asset Management

Asset Management includes the prioritisation of asset defects in line with criteria as outlined in specific asset management plans to determine the risk ranking to each defect.

2.9 Event Planning

Risk management processes are incorporated into the event planning process and are crucial to efficient planning and delivery of events that ensure public safety and event success.

2.10 Project Management

Risk management is an integral part of project management. It is imperative that risks are identified at the project development stage so that designs and processes can be adjusted to minimise or eliminate exposure to risk.

2.11 Occupational Health and Safety

The Occupational Health and Safety system is implemented to manage occupational health and safety risks for employees, contractors and volunteers. Occupational Health and Safety is a critical component of the risk management system and will address risks facing employees, contractors and volunteers conducting their specific duties. Council already has in place an Occupational Health and Safety system and Return to Work process, with a suite of administration policies and procedures to assist in managing safety related risks.

2.12 Community Engagement

Council recognises that effective community engagement is good business practice and is critical in managing reputational risks. Council is committed to engaging with the community and its stakeholders.

A Community Engagement Policy provides direction on engagement processes, including guidance on when and how Council should engage with the community.

2.13 Procurement

Risk assessments are conducted prior to the procurement of all major contracts, including plant and equipment, to ensure the relevant parties are consulted, any plant and equipment acquired is suitable for its intended purpose and will meet the needs of Council now and into the future.

2.14 Fraud and Corruption

Council has a zero tolerance in relation to fraud and corruption. Fraud and corruption can erode confidence in the Council, deprive the public of resources, reduce the effectiveness of Council assets and equipment, harm customers, employees or the public and damage employee morale. By utilising the relevant policies and procedures Council can assess and measure its vulnerability to fraud and



Risk Management Framework

implement robust controls for its prevention. Refer to Council's Fraud and Corruption Policy, which is reviewed every two years.

2.15 AS ISO 31000:2018 Guidelines

The Risk Management Policy and Framework is structured to meet AS ISO 31000:2018 guidelines and to support the delivery of the Council services and Council Plan strategic objectives

2.16 Organisation Risk Management

The Risk Management Framework assists Council by embedding sound risk management practices into the organisation, and the creation of a safer community environment, by ensuring policies and procedures reflect risk mitigation relating to public liability matters.

Council's insurers provide a risk management service, which includes risk appraisals, property management and inspections, policy development, training, workshops and advise on potential risk areas.

2.17 External Influences

Auditor-General's Office Reviews

The Auditor-General is an independent officer of the Victorian Parliament, appointed to examine the management of resources within the public sector on behalf of Parliament and Victorians. The Victorian Auditor General's Office conducts both financial and performance audits of government departments and councils.

Ombudsman Victoria Reviews

The Ombudsman is an officer of the Victorian Parliament and has the power to investigate decisions, actions and conduct of Victorian government departments and statutory bodies and employees of local government (councils). The Ombudsman investigates complaints about administrative actions and decisions taken by government authorities and about the conduct or behaviour of their staff.

3 REPORTING

3.1 Key Performance Indicators

Key Performance Indicators have been developed for the risk management program and measures against these are used to focus on necessary improvements and/or to recognise good performance and progress.

Indicators have been considered from various resources, which included the Local Government Performance Reporting Framework, Victorian Auditor-General's Office and AFS and Associates Pty Ltd (internal auditor's) recommendations.

Risk Management Key Performance Indicators (KPIs)		
Activity	Performance Indicator	Target
Review Fraud and Corruption Policy	Fraud and Corruption Policy reviewed every two years	100%
Roles and responsibilities for risk management are clearly defined at all levels of the organisation.	Process in place to respond to incidents, near misses, incidents, hazards and complaints.	80% to 100%
Develop and embed a risk management culture within Council.	Risk management included in position description and relevant documentation	100%

Risk Management Framework



Liquidity ratio	Defined as current assets as a percentage of current liabilities	100% to 400%
Unrestricted cash to current liabilities ratio.	Defined as unrestricted cash as a percentage of current liabilities	10% to 300%
Asset renewal compared to depreciation.	Defined as asset renewal expense as a percentage of depreciation	60% to 130%
Loans and borrowings compared to rates income.	Defined as interest bearing loans and borrowings as a percentage of rate revenue	0% to 70%
Loans and borrowings repayments compared to rates income.	Defined as interest and principal repayments on interest bearing loans and borrowings as a percentage of rate revenue	0% to 20%
Indebtedness (non-current liabilities to own sourced revenue)	Defined as non-current liabilities as a percentage of own source revenue	2% to 70%
Adjusted underlying result (adjusted result/adjusted revenue)	Defined as the underlying surplus (or deficit) as a percentage of adjusted underlying revenue	-20% to 20%
Significant Rate Debtors overdue	Reduce the level of outstanding rates at 30 June each year	Reduce the amount of outstanding rates from the previous year
Excessive Annual Leave	Reduce annual leave liability	Reduce the amount of annual leave liability from the previous year
Capital program schedule assessment	Complete the budgeted capital works	80% to 100%
Satisfaction in Council decisions	Defined as the community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community	40% to 100%
Satisfaction with Sealed Local Roads	Defined as the community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads	50% to 100%
Satisfaction with Community Consultation and Engagement	Defined as the community satisfaction rating out of 100 with the consultation and engagement efforts of the council. This includes consulting and engaging directly with the community on key local issues requiring decisions by council	40% to 100%

4 ROLES AND RESPONSIBILITIES

All Councillors, employees, volunteers and contractors are responsible for ensuring that risk is identified, assessed, adequately managed and reported. The key responsibilities for the management of risk across all levels of Council are listed below:

Risk Management Framework



Ararat Rural City

4.1 Councillors

- Set strategic direction and policy in relation to strategic risk management.
- Approve the Risk Management Policy and note the Risk Management Framework.
- Appoint the Audit and Risk Committee.
- Consider risk as an important element of Council's strategic planning and decision-making processes.
- Receive reports from the Audit and Risk Committee.

4.2 Audit and Risk Committee (*as per Audit and Risk Committee Charter*)

- Monitor Council's Risk Management System by receiving risk management updates.
- Receive presentations from management/service delivery owners on strategic risk applicable to their areas of Council twice a year to ensure material strategic business risks are adequately managed.
- Review Council's risk and fraud policies every two years.

4.3 Chief Executive Officer

- Responsible for the management of risk across Council.
- Endorse the Risk Management Policy for approval by Council, approve the Risk Management Framework, and monitor implementation.
- Manage and monitor strategic, operational and project risk and advocate risk management within Council.
- Ensure that risks are considered and integrated into Council planning and organisational processes.
- Manage process for reviewing recommendations from VAGO and Internal Audits and identifying appropriate actions as required.
- Immediately report any fraud and corruption incidents.
- Commitment to monitoring employees progress on their assigned risk management activities.
- Fosters and promotes a strong risk management culture.
- Ensure that employees are adequately trained in the identification, assessment and procedures available for the minimisation of risk.

4.4 Officers

- Develop and foster working relationships with other agencies with whom Council has a shared risk.
- Responsible and accountable for management of risks that are directly related to their areas.
- Acknowledge that the management of risk is an integral part of service delivery.
- Arrange for advice and assistance to be provided to the Governance and Risk Lead regarding information in relation to insurance claim or risk management issues, in a timely manner.
- Responsible for raising awareness and leading the culture of managing risk responsibilities across the organisation by assisting with the implementation of risk management policies, procedures, standards.

4.5 Governance and Risk Lead

- Responsible for providing platforms to record strategic risks and operational risks.
- Ensuring that risk management platforms are functional and provide advice and guidance to users.
- Ensure that the Strategic and Organisational Risk Registers are properly maintained.

Risk Management Framework



- Report on high and extreme risks with existing control measures and recommendation for further mitigation.
- Ensure the Key Performance Indicators set out in the Risk Management Framework are achieved and reviewed on an annual basis.
- Oversee the review and implementation of the Risk Management Framework, including training and awareness across the organisation.
- Assist in the planning, monitoring and review of risk assessments for Council assets and activities.
- Provide regular reporting to the Chief Executive Officer on risk management issues, statistics and strategies including insurance claim management.
- Provide advice and assistance to all employees in relation to the identification, assessment and treatment of risks.
- Manage Council's insurance portfolio, ensuring that adequate insurance coverage exists for all classes of insurable risk.
- Review the Business Continuity Plan and Disaster Recover Plan every two years.

The Governance and Risk Lead provides guidance and advice on risk exposure issues as required by all Council areas. The risk owners are responsible for managing the risks of their areas and should seek assistance from the Governance and Risk Lead as soon as an exposure or an emerging risk becomes known or suspected.

4.6 All Employees and Volunteers

- Reporting any risk, potential risk or incident immediately when it is brought to their attention.
- Ensuring that they conduct their daily duties in a manner that does not expose Council to loss or risk, and that these duties are conducted in accordance with relevant policies, procedures and legislative requirements.
- Assist in the investigation of any incident that may have occurred and for which they were involved or have knowledge of, as a result of a risk or hazard.
- Acknowledge that all employees have a part to play in managing risk, as outlined in the Employee Position Description (PDP).
- Ensure compliance with Council's Risk Management Policy and Risk Management Framework.

The involvement and commitment of all employees is fundamental to a successful Risk Management program.

4.7 Contractors

- Ensure that contractual and legal obligations are met in accordance with Council's Risk Management Policy, Risk Management Framework, Occupational Health and Safety systems and policies.
- Respond immediately to the investigation of any report of a hazard or incident received from an employee, resident or visitor.
- Maintain appropriate and adequate insurances as required under their contract.
- Ensure compliance with all lawful directions issued by Council's nominated contract/project manager.

4.8 Community Asset Committees

- Community Asset Committees are committees created under Section 65 of the Local Government Act 2020. They exist to undertake functions, duties or powers on behalf of Council. Community Asset Committees are provided with an Instrument of Delegation which documents their functions, duties, or powers that they undertake on behalf of Council.

Risk Management Framework



Committees are advised that they must operate within their delegation to be afforded public liability protection by Council.

For those committees undertaking any functions or hiring of facilities, the delegation clearly states their responsibility to ensure third parties have the appropriate public liability insurances. Council officers are available to meet with committees on request to provide information and support.

4.9 External Stakeholders

- The involvement and commitment of external stakeholders is critical to a successful Risk Management program.
- External stakeholders will be given the opportunity to identify risks and prioritise them in accordance with Council's Risk Management Framework.
- Risks of an operational nature will be managed and addressed by Council's operational procedures. Defects and actions taken to rectify defects in Council assets, reported by external stakeholders, will be recorded in the Customer Request Management System.
- Other types of risks, such as strategic risks, will be identified by corporate liability risk audits, internal and self-audit reviews conducted in accordance with approved plans. The risks identified by these processes may be recorded in Council's Strategic Risk Register.

5 TRAINING AND RESOURCES

5.1 Employees

Risk management is resourced to provide effective and stable processes to increase awareness, responsibility and ownership across the organisation.

The successful engagement of employees is essential for the success of the Risk Management Framework. The Risk Management Framework and supporting policy, procedures and forms are made available to all employees. Information and awareness sessions are provided to employees to improve transparency and increase Council's risk management culture.

Training is designed to increase the knowledge and awareness of employees in several risk management topics including general risk management, liability, fraud awareness and procedures.

In addition to formal training, the Governance and Risk Lead acts as a specialist advisor to employees. This includes assistance in identifying and assessing risk exposures and the steps in developing, implementing and monitoring of sustainable control measures.

5.2 Councillors

Councillors are key strategic decision makers and it is therefore imperative that they have an understanding of Council's Risk Management Policy and Framework and their role in informed decision making based on sound risk management principles.

5.3 Audit and Risk Committee

Audit and Risk Committee members should understand their roles and responsibilities as outlined in Council's Risk Management Policy and Framework, including the monitoring and review of risk management reports and outcomes from management and external auditors.

Risk Management Framework



5.4 Performance Management

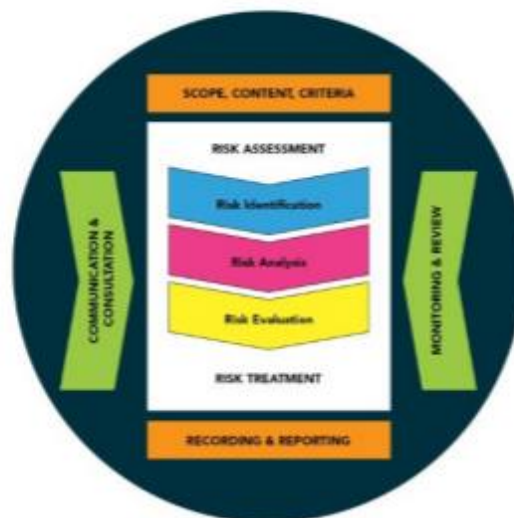
Risk management is a corporate priority and as such, all employees are required to actively participate in the risk management process, as outlined in their position descriptions. The Performance Development Process gives way to any risk management related indicators being reviewed on a quarterly basis.

Actions arising from treatment action plans for specific risks may be used as performance measures for individual or business unit performance plans.

6 RISK MANAGEMENT PROCESS

The process of risk involves the identification and analysis of risk, an evaluation of controls and the implementation of the appropriate treatment plans. It also involves consultation with stakeholders as well as regular monitoring and review.

The risk management process taken from AS ISO 31000:2018 - Risk Management Guideline, involves establishing the context, assessing the risk, treating the risk, monitoring the risk and reviewing the risk (*refer to diagram below*). The whole process needs to be communicated to stakeholders who are consulted with throughout the process.



6.1 Communication and Consultation

Establishing a communication and consultation plan with internal and external stakeholders is critical to the success of the risk management process. It is crucial to maintain effective communication and consultation at every stage of the process to ensure that individuals tasked with implementing risk management comprehend the underlying principles guiding risk management decisions and understand the rationale behind specific actions that are deemed necessary.

Council will engage with stakeholders throughout the risk management process to:

- Correctly identify risks and understand context.

Risk Management Framework



- Gain a better understanding of the views and interests of stakeholders and how their expectations may be managed.
- Capitalise on the diversity of knowledge, opinions and experience to enhance identification and management of risks and opportunities.
- Build a sense of inclusiveness and ownership amongst stakeholders.

6.2 Scope, Context and Criteria

The establishment of the context is specific to each individual risk. The key stakeholders will vary from one risk to another and should include individuals from a range of levels who are involved in the delivery of the service or identified activity.

Defining the Scope

As the risk management process is applied at different levels throughout the organisation, it is important to define the scope and the alignment with Council's strategic objectives; this should include consideration of:

- Goals and objectives of risk management activities;
- Proposed outcomes and timing;
- Responsibilities and accountabilities for the risk management process;
- Risk management methodologies;
- Processes, activities and projects and how they may interact with other processes, activities and projects of Council;
- How effectiveness and/or value will be measured and monitored; and
- Availability of resources to managed risk.

Defining the context

Defining the context is important because:

- Risk management takes place in the context of Council's strategic objectives and activities; and
- Organisational factors can be a source of risk; and
- The context should reflect the specific environment of the activity to which the risk management process is to be applied.

Defining risk criteria

Risk criteria are used to evaluate the significance of risk and are reflective of Council's values, strategic objectives and resources and the views of Council's stakeholders. Council's risk criteria are documented throughout the Risk Management Framework. It should be noted that, whilst risk criteria are established at the beginning of the risk management process, they are dynamic and should be continually reviewed and amended, if necessary.

6.3 Risk Assessment

Identifying Risk

This step identifies the risks associated with a program or project. It is important that this be fully performed to ensure that all major risks are identified. The outcome of this step is a list of events, which might affect programs or projects being analysed.

Where could risks come from?

Risk can come from many areas and each of the generic risk sources below have many components. Together with people above and below your position in the organisation, identify potential risks. The following list can be used as a checklist to identify risks.

- Commercial and legal relationships

Risk Management Framework



- Economic circumstances
- Human behaviour
- Natural events
- Political circumstances
- Technology and technical issues
- Management activities and controls
- Individual activities

Risk Analysis

Risk analysis is about assessing the importance of each of the identified risks. After the risk identification phase you will have a long list of risks. It would not be possible, or even necessary, to attend to all of these risks.

The following process will assist you to find the risks that threaten your business or project outcomes the most. You can then focus your attention on managing the most important risks.

The analysis of risks has three steps:

1. Determine the likelihood of the risk.
2. Determine the consequence of the risk.
3. Review existing controls.

The Risk Management Framework is built upon the understanding that some risks, no matter how many controls are in place, involve potentially very serious consequences. Council provides various services and activities that have a high-risk rating irrespective of controls in place.

Risk Management Appetite

Risk appetite refers to the risk exposure or potential adverse impact from an event that Council is willing to accept to achieve its strategic objectives.

The Chief Executive Officer in consultation with the Council are responsible for defining Council's risk appetite. The following are to be considered when arriving at Council's position on its risk appetite:

- Do Council understand the degree to which they are permitted to expose Council to the consequences of an event or situation?
- Does Management understand their aggregated and interlinked level of risk to determine whether it is acceptable or not?
- Do the Council and Management understand the aggregated and interlinked level of risk for Council as a whole?
- Are Council and Management clear that risk appetite is not constant (there must be flexibility to adapt and build in)?
- Are risk decisions made with full consideration of reward? The appetite needs to assist Council and the Management take an appropriate level of risk for Council, given the potential for reward.

Council's risk appetite will be included in the review of the Risk Management Policy and Framework. This review of appetite will be incorporated into the structure of Council at each level of responsibility due, in part, to the differing focuses with regards to the risk that Council faces at each of these levels.

Inherent and Residual Risks

A risk rating can be determined by combining the effect (consequence rating) and cause (likelihood rating). The risks are to be assessed against all consequence categories and the highest consequence rating will be used.

The first rating obtained will be the **inherent risk** rating, (i.e. the level of risk at time of risk assessment with no controls.)

Risk Management Framework



Once further and additional controls are added to reduce the consequence and/or likelihood, the risk is rated again to determine the **residual risk**, (i.e. the level of risk remaining after risk treatment).

Likelihood

Determine Likelihood

The next step in evaluating risk is to assess the likelihood of an event occurring. Like the assessment of consequence, the assessment of likelihood is performed knowing the existing controls exist.

Likelihood is categorised into the following descriptions:

- Almost Certain;
- Likely;
- Possible
- Unlikely; and
- Rare

Guidance for assessing the likelihood is detailed in the following table. When considering how likely is it that the business will be exposed to a specific risk, considering factors such as:

- Anticipated frequency;
- The external environment;
- The procedures, tools, skills currently in place;
- Staff commitment, morale, attitude;
- History of previous events.

Likelihood Rating	
Name	Description
Almost certain	The event is expected to occur in most circumstances or at least twice a year.
Likely	Expect this event at least annually.
Possible	The event might occur at some time over an extended period.
Unlikely	The event could occur at some time but is not usually experienced.
Rare	The event may occur only in exceptional circumstances.

Consequence

Determine Consequence

What will be the impact of an event occurring? Any event can have a range of impacts. Council's risk management process makes formal assessment of the potential impact of the event by giving it a consequence category of Insignificant, Minor, Moderate, Major or Catastrophic.

To provide guidance to staff and to ensure there is consistency in the evaluation of risk across the organisation a consequence table is included below.

Risk Management Framework



CONSEQUENCE RATING	CONSEQUENCE					
	Environmental Responsibility	Finance	Governance	Occupational Health and Safety	Reputation	Service Delivery
Catastrophic	Uncontained damage with major impact/major fine/public reaction	Cannot be managed within Council budget (<\$1,000,000)	Widespread policy/legislative/compliance non-compliance/failure	Loss of life probable and serious injury inevitable	Public media outrage, official public investigation, public criticism of Council and its operations	Critical operational service failure or loss of delivery (>5 days)
Major	Major breach or impact/fines	Major rework of Council budget (\$250,000 - \$1,000,000)	Systematic policy/legislative non-compliance	Loss of life possible and serious injury probable	Loss of community confidence in Council and/or intense local media concern/national media coverage or formal inquiry	Major operational service failure or loss of service delivery (>1 day)
Moderate	Moderate breach, impact or complaint	Significant departmental rework of budget or minor rework of Council budget (\$50,000 - \$250,000)	Frequent policy/legislative non-compliance	Loss of life unlikely, but serious injury possible	Concerns raised by community and/or broad adverse media coverage	Moderate operational service failure or loss of service delivery (>3 hours)
Minor	Minor breach, impact or complaint	Some rework of budget required (\$2,000 - \$50,000)	Isolated policy/legislative non-compliance	Serious injury unlikely, but minor injury possible	Minor or isolated concerns raised by community, customers or suppliers and/or adverse local media	Loss of operational service delivery (>1 hour)
Insignificant	Negligible breach, impact or complaint	Financial impact easily managed within budget (<\$2,000)	No policy/legislative non-compliance	Would cause minor injuries that are able to be treated	No inconvenience to the community or organisation	No loss of operational service delivery

Risk Management Framework



LIKELIHOOD	CONSEQUENCES				
	1: Insignificant	2: Minor	3: Moderate	4: Major	5: Catastrophic
Almost Certain: The event is expected to occur in most circumstances or at least twice a year	Moderate	High	High	Extreme	Extreme
Likely: Expect this event at least annually	Moderate	Moderate	High	High	Extreme
Possible: The event might occur at some time over an extended period	Low	Moderate	Moderate	High	High
Unlikely: The event could occur at some time but is not usually experienced	Low	Low	Moderate	Moderate	High
Rare: The event may occur in exceptional circumstances	Low	Low	Moderate	Moderate	High

Existing Controls

Council has a wide range of controls, which assist staff to achieve quality outcomes. Often these controls are unrecognised. The process of identifying existing controls assists in the evaluation of risk in an appropriate context.

The following list of controls are used in commonly in Local Government.

Audits	Electronic diaries	Organisational structure
Benchmarking	Evaluations	Performance Reviews
Budgets	Formal reporting	Partnerships
Checklists	Information management	Procedures and policies
Codes of Conduct	Legal opinions	Professional advice
Computer systems	Legalisation	Quality control
Contracts	Library membership agreements	Safe operating procedures
Corporate and business plans	Local Government Act	Staff education and training
Corporate culture and values	Meetings	Staff recruitment practices
Delegations	Minutes and agendas	Standard operating procedures
Division of responsibility	OH&S action plans	

Risk Evaluation

Risk Management Framework



Risk evaluation is the process used to assist in making decision, based on the outcomes of the risk analysis, about which risks need treatment and the priority for implementation of controls.

Decisions should take account of the wider context of the risk and include consideration of the risks borne by parties other than Councils who may benefit from the risk.

There are also circumstances whereby, despite the risk level, risks cannot be treated.

After the risks have been analysed it is easy to evaluate the risk. A risk rating can be assigned to the risk, the risk ratings are:

- **Extreme Risk**

Urgent and immediate action is required, it is a risk, which requires immediate action and the development and implementation of a risk action plan. It is an unacceptable risk. The risk must be referred to the Chief Executive Officer. Officers are to be involved in developing a detailed plan for understanding, managing and reducing the risk.

The Chief Executive Officer will monitor the status of these risks.

- **High Risk**

Management oversight needed and responsibility given to officers to apply specific procedures to research the risk, implement specific response procedures and / or monitor the risk.

The status of these risks will be monitored by senior management.

- **Moderate Risk**

Operational management is to apply specific procedures to monitor the risk and to implement specific response procedures. A risk action plan does not need to be developed unless there are concerns about the reliability of related controls or where action is required to stop the risk from being more serious.

The status of the risk is to be monitored by managers, coordinators, supervisors or team leaders.

- **Low Risk**

No action required. Managed by routine procedures and is unlikely to need specific application of resources.

Risk Management Framework



The status of the risk is to be monitored by responsible team members reporting to their managers, coordinators, supervisors or team leaders.

Risk Rating	Action Required
Extreme	Management is to be involved in developing a detailed plan for understanding, managing and reducing the risk. Management will monitor the status of these risks.
High	Management oversight is needed and responsibility given to operational management to apply specific procedures to research the risk, implement specific procedures and/or monitor the risk.
Moderate	Operational management to apply specific procedures to monitor the risk and to implement specific response procedures.
Low	Managed by routine procedures and is unlikely to need specific application of resources. Status is to be monitored by responsible team members reporting to their managers.

6.4 Risk Treatment

Risk Treatment (Controls)

At the completion of the risk assessment process, you must consider each risk and decide if the level of the risk is acceptable in the context of the business objectives.

The object is not to eliminate all risk but rather to ensure that risk is maintained at an acceptable level in a cost-effective manner.

Risk treatment can be conducted using a variety of methods. When looking at risks, treatments are aimed at reducing or removing the potential for consequences occurring. However, when looking at opportunities, treatments look at ensuring that consequences are realised.

Risk treatment involves selecting one or more options for modifying risks, and implementing those options. Once implemented, treatments provide or modify the controls. An action should be implemented to treat certain risks.

Justification for risk treatment is broader than solely economic considerations and should consider all of Council's obligations, voluntary commitments and stakeholder views. Appropriate risk treatment options should have regard to Council's strategic objectives, risk criteria and available resources. Agreed controls will be recorded in the Risk Assessment/Treatment Template (Appendix A) and the date for completion should also be agreed and recorded.

Risk Management Framework



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Risk Treatment Options

Risk treatment options are not necessarily mutually exclusive or appropriate in all circumstances. Some of the options available for treating risks may include:

Risk Treatment Options	
Eliminate	Remove the asset or service completely so as to eliminate the risk altogether
Share	Allocate risk to a third party, such as through appropriate contactor management
Mitigate	Implement a type of treatment control to reduce or remove the risk. This may include but is not limited to options such as substitution (swapping), isolation (barricade), engineering (modify by design) or administration (policy/process)
Accept	Risk can be accepted for a number of reasons including: <ul style="list-style-type: none"> • no extra treatments being available; • meets the stated target for the type of risk; • informed decision has been made about that risk; and • risk treatment is worth more than the risk exposure

If you don't accept the risk, develop an action plan to reduce the likelihood or consequence of the risk.

If significant costs are involved in the risk reduction, it may be necessary to do a cost benefit analysis to decide how much resource is worth spending on risk reduction. Approval will need to be obtained from the CEO prior to committing resources.

Reduce Likelihood

Risk can be reduced by making the chance of its occurrence less likely. Preventative maintenance on vehicles is an example of an activity which reduces the likelihood of an accident occurring. Likelihood reduction treatments tend to assist the activity to occur with increased supervision, planning or skill. These treatments have an emphasis on improving preparation and improving controls.

The types of actions which can reduce or control likelihood include:

- Audit and compliance programs;
- Contract conditions;
- Formal review or requirements, specifications, design, engineering and operations;
- Inspection and process controls;
- Investment and portfolio management;
- Project management;
- Preventative maintenance;
- Quality Assurance, management and standards;
- Research and development, technological development;
- Structured training and other programs;
- Supervision;
- Testing;
- Organisational arrangements; and
- Technical controls.

Reduce Consequences

Once an event has occurred it will have consequences or outcomes. There are a range of actions that can be undertaken to reduce the unpleasant consequences of the event. The installation of air bags in vehicles is an example of a treatment which reduces the consequences of an accident.

Risk Management Framework



The types of actions which can reduce or control consequence include:

- Contingency planning;
- Contractual arrangements;
- Contract conditions;
- Design features;
- Disaster recovery plans;
- Engineering and structural barriers;
- Fraud control planning;
- Minimising exposure to source of risks;
- Portfolio planning;
- Separation or relocation of an activity and resources;
- Public relations.

Transfer the risk

There are a limited number of opportunities where it may be possible to transfer the risk to other parties. Insurance is an example of sharing a risk.

Care needs to be taken when assessing transferred risk to ensure that Council effectively transfers risk. Council may contract out the work but unless it is careful it may retain residual risk (e.g. if a contractor does not maintain their Public Liability Council may have some residual liability).

Avoid Risk

You avoid risk by deciding not to proceed with the activity likely to cause the risk. For Local Government this is not always possible as it often has a statutory responsibility to carry out certain activities. Sometimes this strategy can be carried out where risks are not fully understood or examined.

Inappropriate risk avoidance can sometimes inadvertently increase the significance of other risks. For instance, banning drinking in an area may cause the activity to occur somewhere else.

Control Characteristics

Risk treatments need to be designed in a manner to ensure they are sufficient to mitigate that risk, and have some of the following characteristics if they are to become an adequate control:

- Documented (e.g. Policies, procedures, task lists, checklists);
- Systems-oriented (e.g. integrated and/or automated);
- Preventative (e.g. system controls) or detective;
- Consistent and regular (including during staff absence);
- Performed by competent and trained individuals;
- Clear responsibility and accountability;
- Create value (i.e. benefits outweigh costs);
- Achievable for the organisation (based on available resources);
- Evidenced;
- Confirmed independently.

Tips for developing risk treatments

- Review the cause of the risk and attempt to tackle the cause of the risk, not just its symptoms
- Take ownership of the risk. Do not put in risk strategies that become someone else's responsibility. Follow the issue through to ensure that risk is effectively mitigated.
- Be creative and positive in your response. Don't limit yourself to reactive responses.
- Look for opportunities when treating risk. The purpose of risk management is to achieve improved outcomes. Make sure that you use the opportunity that reviewing risk provides to identify any opportunities you have for improving your service or the way you provide your service.

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- Engage your stakeholders positively to gain their support in putting your risk plans into effective actions. Your stakeholders will be often be the solution to your issue.
- Use teams to review and manage risks. Groups of people can add valuable perspective to issues.

Preparing and implementing risk treatment plans

Risk treatment plans specify how the risk treatment options will be implemented, so that those involved understand what arrangements are in place and to allow progress against the plan to be monitored. Risk treatment plans may be integrated into Council's existing processes, (e.g. project management plans, risk registers,) and provide the following information:

- Rationale for selection of treatment options;
- Responsibilities and accountability for approving and implementing the plan;
- Proposed actions and timeframes;
- Resourcing requirements;
- Constraints and contingencies; and
- Required reporting and monitoring.

Seek Expert Advice

Management may decide that expert advice is required to validate their assessments and / or assist in reviewing the options available to manage specific risks. The Governance and Risk Lead should be consulted, as they may be more familiar with best practice in a particular area. This can also benchmark data that can be used measure performance against.

Review the Risks

After completing the treatment actions, re-check the likelihood and consequences – then decide if the risk rating is now acceptable; once accepted, schedule a review date (refer to Section 6.5).

6.5 Monitor and Review

Review of risks and controls

Monitoring and review must be a formal part of the risk management process and involves regular checking of the effectiveness and efficiency of the risk management processes implemented.

A monitoring and review process will:

- Ensure that implemented controls are effective and adequate;
- Provide further information to improve risk assessment and treatment plans;
- Allow for the identification of emerging risks;
- Identify any (new) activities that may influence established strategies to mitigate risks.

It is essential to monitor all activities and processes in order to capture any new or emerging risks arising from the changing environment, (both internal and external) and the activities undertaken by Council.

Internal audit

The audit process plays an important role in evaluating the internal controls (and risk management processes) currently employed by Council. The internal audit program should be 'risk based' and provides assurance that we are managing our risks appropriately.

In developing the Internal Audit Plan consideration is given to the extreme, high and moderate risks identified by the risk assessment process.

Internal audits assess the adequacy of selected controls identified. The internal audit process will measure risk by:

- Measuring compliance – has Council met its Policy objectives;

Risk Management Framework



- Measuring maturity – measuring against best practice and Council benchmarking; and
- Measuring value add – has the framework and risk culture added to the achievement of Councils strategic objectives.

Information is shared between the risk management and internal audit functions. Changes in our risk profile are reflected in our Internal Audit Plan. Similarly, control issues identified through internal audit will inform our Risk Management Framework. The internal audits are conducted to provide assurance that key risks have been identified and the controls in place are adequate.

Risk Management Policy and Risk Management Framework

The context within which risks are assessed may change over time. Changes occur in the operating environment, for example emergencies, politics, legislation, statutory rules, and Council Plan strategic objectives.

It is necessary to review the Risk Management Policy and Risk Management Framework every two years. The next scheduled review is December 2025.

6.6 Recording and Reporting

The risk management process and its outcomes should be documented and reported, in order to:

- Communicate risk management activities and outcomes;
- Provide information for decision making;
- Continuous improvement;
- Assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

Risk Register

Councils Risk Register (Power Apps) is used to record and manage Council's risk management data.

The register will be accessible across the network to allow broad access to enter data and manage action plans designed to reduce the level of risk.

The register is used to:

- Record identified risks and establish a risk register
- Identify the staff member responsible for each risk
- Determine the risk rating
- Develop treatment plans to reduce the risk
- Manage the risk treatment action plans
- Track actions taken by individuals and monitor progress of planned actions
- Provide written risk management reports
- Record incidents against risks.

The register will support the audit function within Council and provide a measure of progress for the overall Risk Management Framework.

A review of the Risk Register will involve revisiting each of the identified risks and considering the following points.

- Have the descriptors changed or are they still current?
- Has the level of risk changed?
- Has the nature of the Controls or mitigating factors shifted?
- Are there any new risks that should be considered for the risk register?

Strategic Risks



Risk Management Framework

Council will identify and record Strategic Risks on Council's Risk Register. Strategic level risks are identified by Management and the Council, as part of a biannual review. Any risks identified at the Strategic level may be reflected in other documents, for example: Strategic Plan, Annual Business Plan, Asset Management Plans and mitigated through action details in these documents, however these should be collated in the Risk Register for ease of monitoring and review.

Recording and reporting of Strategic level risks is the responsibility of the Governance Risk Lead via the Chief Executive Officer and Audit Committee.

Operational Risks

Council will record and maintain Operational Risks on Council's Risk Register and reviewed biannually. The Risk Register will incorporate unit area risks and proposed mitigation techniques, as determined by the evaluation process. Recording operational level risks in the register and reporting of implementation and effectiveness of controls is the responsibility of all employees.

Risk Treatment and Management

Actions to manage unacceptable risks will be evident in annual business planning documents. If there are any indications that some new or prompt treatment is required, "Control" will be updated and reviewed in consideration of the identified risks.

All relevant information will be recorded in the live risk register (PowerApps) following this process by relevant responsible officers.

Review of Risk Management Documents

To ensure transparency of risk management documentation the following outlines the title and review process:

Name	Review Process	Review Frequency
Risk Management Policy	Document to be reviewed by Governance and Risk Lead and Audit and Risk Committee, then approved by CEO, Audit and Risk Committee and Council	Every two years
Risk Management Framework	Administrative document providing guidance to the organisation. Document to be reviewed by the Governance and Risk Lead and the Audit and Risk Committee then approved by CEO,	Every two years
Strategic Risks (Organisational Level)	CEO to review all strategic and operational risks (significant to extreme) and treatments. Report to Audit and Risk Committee on biannual basis or where a change is made	At a minimum biannually
Operational Risks (Unit Level)	CEO and Relevant Officer to review risks and treatments when data at the task level has changed. Regular monitoring and review to be undertaken (on all significant risks) and reported to CEO. Checking the process used reflects up to date information. May be prompted by an incident where a control failed or was not in place.	At a minimum biannually

Risk Management Framework



7 DEFINITIONS

Consequence	The outcome of an event affecting objectives.
Control	The measure that maintains or modifies a risk.
Contractor	An independent entity that agrees to furnish a certain number of quantity of goods, material, equipment, personnel, and or services that meet or exceed stated requirements or specifications, at a mutually agreed upon price and within a specified timeframe.
Employees	Includes all permanent and temporary employees of Council.
Environment	Risks arising relating to the environmental consequences of progressing Council's strategic objectives (energy efficiency, pollution, recycling, waste management, landfill, emissions). Those relating to pollution, environmental noise, energy, efficiency and ongoing service operation.
Financial	Risks arising from financial planning, budgetary control and the adequacy of insurance cover. Include issues that affect the ability of Council to meet its financial commitments.
Frequency	A measure of the number of occurrences
Hazard	A source of potential harm or a situation with a potential to cause injury, damage
Likelihood	The level of possibility that the Ararat Rural City Council could be exposed to risk.
Monitor	To check, supervise, observe critically or measure the progress of an activity, action or system on a regular basis to identify performance levels.
Operational Risks	Operational risks are take into consideration risks which will prevent units from delivery services to the community.
Reputation / Brand Image / Political	Risks arising from community expectations change of government, implementation of laws / regulations that apply to local government and how it conducts its business, governmental services, and activities. May include failure to deliver either local or State Government policy, or meet State Government requirements. Failure to meet current and changing community needs. Includes the threat to the reputation of Council due to conduct of staff or elected members.
Residual Risk	The remaining level of risk after risk treatment measures have been taken
Risk	Anything that could prevent the Council from achieving its objectives. Risk may arise from an event, an action, or from a lack of action. It is measured in terms of consequences and likelihood.
Risk Analysis	A systematic process to determine the level of risk after consideration of sources, consequences and likelihood.
Risk Appetite	The amount and type of risk that an organisation is willing to take in order to meet its strategic objectives. Risk Appetite is best described as an organisation's pursuit of risk or its willingness to take risks as opposed to avoiding them.
Risk Assessment	The overall process of risk analysis and risk evaluation.

Risk Management Framework



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Risk Category	Source or risk used to assess consequence
Risk Criteria	Measures / standards by which the significance of risk can be assessed.
Risk Control	That part of risk treatment which involves the implementation of policies, standards, procedures and physical changes to a thing, work process or system of work to eliminate or minimise the impact of the risk.
Risk Evaluation	The process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.
Risk Identification	Process of determining what, where, when. Why and how something could happen
Risk Management	The culture, processes and structures directed towards the effective management of potential opportunities and adverse effects.
Risk Management Framework	Set of elements and the Council's management system concerned with managing risk.
Risk Management Policy	The statement of overall intention and direction of an organisation related to risk management
Risk Management Process	The systematic application of management policies, procedures and practices to the tasks of communicating, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk Owner	The person or entity with the accountability and authority to manage a risk.
Risk Profile	The description of any set of risks.
Risk Rating	Risk priority based on consequence and likelihood assessments.
Risk Reduction	Actions taken to lessen the likelihood, negative consequence, or both, associated with a risk.
Risk Reduction	Acceptance of the potential for loss, or benefit of gain from a particular risk.
Risk Transfer	Shifting the responsibility or burden for loss to another party through legislation, contract, insurance or other mean. Risk transfer can also refer to shifting a physical risk or part thereof elsewhere.
Risk Treatment	The selection and implementation of appropriate options for dealing with risk.
Service Delivery	Risks arising from Council's ability to provide services to the community, dependence on outside suppliers, goods, services, utilities. May include risks associated with changes in demographic, residential or social economic trends and Councils ability to deliver its objectives. May include risks arising from community health issues, transport strikes or other event impacting Council ability to deliver services.
Stakeholder	A person or organisation that can affect, be affected by or perceive themselves to be affected by a decision or activity.
Strategic Risks	Strategic risks are the risks that have the potential to influence the achievement of strategic objectives outlined in the Council Plan

Risk Management Framework



8 ADMINISTRATIVE UPDATES

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Council department, a change to the name of a Federal or State department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of Council.

9 REFERENCES

AS ISO 31000:2018 Risk Management Guidelines
Occupational Health & Safety Act 2004
Local Government Act 2020
Risk Management Policy
Risk Register
Fraud and Corruption Incident Register and Form
Business Continuity Plan
Disaster Recovery Plan

10 APPENDICES

Appendix 1 – Risk Review Record
Appendix 2 – Risk Treatment Plan

Risk Management Framework



Risk Assessment/Treatment Template			
Unit:		Location:	
Activity/Process:		Date of Assessment:	
Assessed by (Name):			
Risk Analysis		Risk Treatment (Controls)	
Identified Risks	Risk Analysis <i>(refer Table A)</i>	Description of Risk Treatment <i>(How will the identified risks be controlled)</i>	Completed Date**
	Unlikelihood		
1.			
2.			
3.			
4.			
5.			
6.			
Signed by Assessor:		Position (Name):	
Signed by Manager:		Name of Manager:	
Comments/Notes:		Date Controls to be reviewed:	
Governance and Administration Coordinator:		Date of Review:	
Include in Risk Register Yes <input type="checkbox"/> No <input type="checkbox"/>		Risk Register ID No:	

**Enter a date when the control measure was actually implemented.

*Enter a date when the control measures are expected to be implemented.

Risk Management Framework



Risk Assessment/Treatment Template
TABLE A
Likelihood / Consequences / Level

LIKELIHOOD	CONSEQUENCES				
	3: Insignificant	2: Minor	3: Moderate	4: Major	5: Catastrophic
Almost Certain: The event is expected to occur in most circumstances or at least twice a year	Moderate	High	High	Extreme	Extreme
Likely: Expect this event at least annually	Moderate	Moderate	High	High	Extreme
Possible: The event might occur at some time over an extended period	Low	Moderate	Moderate	High	High
Unlikely: The event could occur at some time but is not usually experienced	Low	Low	Moderate	Moderate	High
Rare: The event may occur in exceptional circumstances	Low	Low	Moderate	Moderate	High

3.7 COUNCIL POLICY REVIEW – FRAUD AND CORRUPTION CONTROL POLICY AND FRAUD AND CORRUPTION CONTROL PLAN

RESPONSIBLE OFFICER: GOVERNANCE AND RISK LEAD
DEPARTMENT: CEO's OFFICE
REFERENCE: 14993

OFFICER CONFLICT OF INTERESTS:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

Council policies are updated as part of an ongoing policy and procedure review process.

The Fraud and Corruption Control Policy has been reviewed and is presented to the April 2024 Council Meeting for consideration. The Fraud and Corruption Control Plan is also presented to Council and is used in conjunction with the Policy.

DISCUSSION

An effective Fraud and Corruption Control framework requires a policy as well as a control plan. Developing these documents also raises staff awareness and communicates Council's expectations of all Councillors, Council staff, volunteers and contractors.

The Policy and Plan clearly documents Council's approach to controlling fraud and corruption at both strategic and operational levels.

The review of the Fraud and Corruption Control Policy and Plan have been conducted to reflect the policy review schedule timeframes.

Other than a general review of the content and administrative changes, including updating of the Australian Standards there were no further amendments.

The Fraud and Corruption Control Policy will be updated on the Council website following adoption.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

6.2 Ensure appropriate risk management is applied to Council and organisational decisions. Council's internal function is applied to areas of perceived risk.

Budget Implications

There are no budget implications relating to the review and adoption of the Fraud and Corruption Control Policy and Fraud and Corruption Control Plan.

Policy/Relevant Law

Independent Broad-based Anti-corruption Commission Act 2011
Public Interests Disclosure Act 2012
Local Government Act 2020

Risk Assessment

Clarity and transparency of Council Policies.

Innovation and Continuous Improvement

The regular review and adoption of Council's policies will ensure that Council continues to work in accordance with its established procedures, and within legislative requirements.

Stakeholder Collaboration and Community Engagement

Members of Council's Audit and Risk Committee have reviewed and **endorsed** the Fraud and Corruption Control Policy along with the Fraud and Corruption Control Plan.

The Chief Executive Officer presented the Fraud and Corruption Control Policy and Plan to the Councillor briefing held on 9 April 2024

RECOMMENDATION

That Council

- 1. adopt the Fraud and Corruption Control Policy; and*
- 2. adopt the Fraud and Corruption Control Plan.*

**MOVED J ARMSTRONG
SECONDED CR BEALES**

That Council

1. adopt the Fraud and Corruption Control Policy; and
2. adopt the Fraud and Corruption Control Plan.

CARRIED 4974/24

ATTACHMENTS

The Fraud and Corruption Control Policy and; the Fraud and Corruption Control Plan are provided as Attachment 3.7



Fraud and Corruption Control Policy

DOCUMENT CONTROL

Category Type: Policy
Type: Council
Responsible Officer: Governance and Risk Lead

Last Review Date: 28 June 2022
Date Approved: xxxxxxxxxx
Next Review Date: December 2025

Revision No: 7

Stakeholder Engagement:
Audit and Risk Committee
Councillors
Chief Executive Officer
Financial Services Coordinator
Governance and Risk Lead

Fraud and Corruption Control Policy



1 INTENT

Ararat Rural City Council (Council) is committed to establishing and maintaining an environment in which fraud and corruption is not tolerated. Stakeholders, including staff, contractors and volunteers are encouraged to actively protect Council's assets, reputation and ethical standing.

The purpose of the Fraud and Corruption Control Policy (the Policy) is to set out how Council will prevent and deter fraud and corruption from occurring and how any incidence of fraud or corruption will be detected, investigated and dealt with.

Fraud and corruption can lead to financial loss, and loss of public confidence in the way that public money and other resources are being used. It is therefore important that Council have robust systems and procedures in place to ensure that the risk of impropriety is minimised, as far as possible, and that where instances do occur, there is a prompt and effective response to them.

2 SCOPE OF POLICY

This policy applies to all Councillors, staff, volunteers, contractors, sub-contractors and volunteers of Council.

3 POLICY STATEMENT

Fraud and corruption is a risk to the organisation and can have a similar impact on Council as other types of enterprise risk in terms of:

- Financial loss;
- Reputational impact;
- Diversion of management energy;
- Organisational morale;
- Organisational disruption;
- Loss of employment;
- Reduced performance; and
- Diminished safety.

As such Council is committed to managing this risk as part of its overall risk management approach. This policy is part of that approach and covers the following main areas:

- a) Roles and responsibilities of Councillors, officers, auditors and the Audit and Risk committee;
- b) Response to allegations and concerns raised internally and externally; and
- c) Actions to be taken when fraud is discovered.

4 ROLES AND RESPONSIBILITIES

4.1 Councillors

Councillors have a duty to ensure that Council property is safeguarded from fraud and corruption and to ensure that Council's powers, duties and responsibilities are exercised in an open, fair and proper manner to the highest standards of probity.

Fraud and Corruption Control Policy



These issues need to be borne in mind when considering reports, making decisions and scrutinising Councils activities.

Councillors should endorse and support all policies and measures taken to prevent, deter, detect and resolve instances, or suspected instances, of fraud and corruption throughout Council.

4.2 Chief Executive Officer

The Chief Executive Officer (CEO) has primary responsibility for the management of Council resources and the development and implementation of systems and practices to minimise the risk of fraud and corruption.

The Chief Executive Officer, as principal officer, must under section 57 of the Independent Broad-based Anti-corruption Commission Act 2011 notify the IBAC of any matters which the person suspects on reasonable grounds involves corrupt conduct occurring or having occurred.

The Chief Executive Officer will report regularly on any fraudulent activity.

4.3 Officers, Coordinators, Team Leaders and Supervisors

Officers are responsible for ensuring there are adequate measures to prevent and detect fraud and corruption within the areas under their control by:

- a) Identifying risk exposures to corrupt and fraudulent activities within their areas;
- b) Establishing controls and procedures for prevention and detection of such activities;
- c) Complying with legislation and Council policies and procedures;
- d) Ensuring staff understand their responsibilities through adequate supervision, acting within their delegated powers, written procedures and position descriptions;
- e) Responding positively to matters raised and advice given by internal and external audit.

4.4 Staff, Volunteers and Contractors

Staff, volunteers and contractors have a duty to make management aware of any concerns they have about the conduct of Council affairs or the use of Council property or resources. Any matters raised by them should be taken seriously and properly investigated.

Council has policy and procedures to follow under the Public Interest Disclosure Act 2012 which protects people from unjust recrimination where they have an honest and reasonable suspicion of fraud or corruption and they act on it.

Council, in the interests of probity and good practice, encourage all staff to raise concerns so they can be properly investigated.

Fraud and Corruption Control Policy



4.5 Internal Audit

While primary responsibility for the identification of fraud and corruption rests with management, Council recognise that internal auditing can be, in the context of addressing all business risks, an effective part of the overall control environment to identify the indicators of fraud and corruption.

Internal Audit therefore has an important role in assisting management in the prevention and detection of fraud and corruption by:

- a) Independently reviewing systems, procedures and controls to ensure that there are adequate safeguards to prevent, deter and detect fraud and corruption; with particular attention paid to areas where there is a greater risk;
- b) Through specific audits and testing of systems, identifying areas of concern;
- c) Responding to requests for advice from managers on controls to put in systems;
- d) Independently investigating suspected frauds and irregularities and reporting the conclusions to the Audit and Risk Committee and management;
- e) Producing and advising on the production of rules, regulations and policies which deter fraud and corruption.

4.6 External Auditors

External Auditors certify that Council's accounts represent a true and fair view of Council's financial position. They have limited time and resources to carry out this work and consequently there needs to be a high level of cooperation with Council's Internal Auditors who can examine Council's activities in more detail.

Senior management and the Audit and Risk Committee will undertake discussions with the external auditor in terms of the audit strategy and procedures that will be carried out during the audit. These are aimed at detecting material misstatements in Council's financial statements due to fraud or error.

5 RESPONSE TO ALLEGATIONS AND CONCERNS

- a) Allegations and concerns about fraudulent or corrupt activity may come from different sources e.g.:
 - Members of the public, sometimes anonymously;
 - Other local authorities;
 - Councillors;
 - Staff; and
 - Resulting from internal or external audit reviews.
- b) Wherever these concerns come from they must be treated seriously, and confidentiality must be respected as far as possible. A thorough investigation will be made of all concerns, but the level of resources applied will be dependent on the nature of the concern e.g. sums or resources involved, sensitivity of the area, source of concern, evidence provided or available, inherent risk to the area.
- c) For cases of internal fraud and data breaches investigations should be closely managed and documented in accordance with Council procedures.

Fraud and Corruption Control Policy



- d) At all times confidentiality must be maintained and information disclosed only to those who need to know it, in order not to prejudice any disciplinary or criminal action.

6 ACTIONS TO BE TAKEN

- a) Where there is sufficient evidence of fraud, or there is strong suspicion, but internal investigations are unable to obtain further evidence required, the Police should be involved, where it is in the Council's/Public's best interests.
- b) Determination of the "Council's/Public's best interest" include factors such as the sums or resources involved, the strength of the evidence obtained or available, the potential cost to the Council in pursuing the matter and the sensitivity of the area concerned. Referral to the Police will be the normal course of action unless there is a strong case not to do so.
- c) Where involvement of the Police is not appropriate, the strongest action possible should be taken. This may involve disciplinary action including dismissal and the recovery of any sums of money or resources misappropriated.
- d) At the conclusion of any fraud or corruption investigation, systems and procedures will be reviewed to ensure that any lessons learned will be used to improve the systems and processes against future risk.

7 PUBLIC INTEREST DISCLOSURES

All staff, volunteers and contractors have the option to report a suspected fraud and/or corrupt behaviour via Council's Public Interest Disclosure Policy which is available on Council's website.

8 ADMINISTRATIVE UPDATES

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Council department, a change to the name of a Federal or State department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of Council.

9 DEFINITIONS

TERM	DEFINITION
Corruption	dishonest activity in which a Councillor, staff, contractor or Council Volunteer acts contrary to the interests of the organisation and abuses their position of trust in order to achieve some personal gain or advantage for themselves or for another person or entity. Corruption is any conduct that is improper, immoral and fraudulent. Corrupt behaviours include but are not limited to; <ul style="list-style-type: none">• Acceptance or offer of bribes, gifts or benefits;• Nepotism, favouritism, or other abuses of decision-making authority;• Misrepresentation or misuse of Council information <ul style="list-style-type: none">• Release of confidential information for other than a proper business purpose in exchange for some form of non-financial benefit or advantage accruing to the staff releasing the information; or• Collusive tendering (the act of multiple tenderers for a particular contract colluding in preparation of their bids).

Fraud and Corruption Control Policy



Fraud	<p>dishonest activity causing actual or potential loss to the Council (including theft of money or other property) and where deception is used at the time, immediately before or following the activity. This also includes the deliberate falsification, concealment, destruction, or use of (or intention to use) falsified documentation and the improper use of information or position for personal financial benefit.</p> <p>Examples of fraud and corruption include:</p> <ul style="list-style-type: none"> • unauthorised use of a credit card; • theft or unauthorised use of plant and equipment or inventory; • theft of fuel; • theft of funds or cash (usually involving some form of concealment); • fraudulent financial or performance reporting; • creating a fictitious invoice claiming payment for goods and services not delivered or exaggerating the value of goods delivered or services provided; • obtaining 'kickbacks' or bribes from suppliers or contractors; • theft of intellectual property or other confidential information; • misappropriation or misdirection of Council's remittances received from a customer; • any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of Council-owned software; • any claim for reimbursement of expenses that is not made for the exclusive benefit of the Council; • omitting to submit leave forms when taking leave; • falsifying academic or training credentials in an employment application; • inappropriately providing benefits/making decisions or issuing permits or licenses; or • acting in self-interest rather than the public interest.
Relevant Officer	<p>A member of Council staff who oversees their designated department and supervises the staff allocated to that department.</p>
Staff	<p>For the purpose of this policy includes all staff, Contractors, Consultants, Work Experience Students, Volunteers or the employee of anybody providing services on the Council's behalf.</p>

10 COUNCIL POLICIES

- Complaints Handling Policy
- Councillor Code of Conduct
- Councillor Gifts Policy
- Equal Employment Opportunity Policy
- Fraud & Corruption Control Policy
- Performance Management Employee Discipline Policy and Procedure
- Procurement Policy
- Public Interest Disclosure Procedure
- Risk Management Policy
- Risk Management Framework
- Staff Code of Conduct
- Staff Gifts Policy

Fraud and Corruption Control Policy



- Workplace Anti-discrimination & Harassment Policy
- 11 **REFERENCES**
- Strategic Risk Register
 - Declaration of Outside Employment Form
 - Local Government Act 2020
 - Public Interest Disclosure Act 2012
 - Australian Standard AS 8001-2021 Fraud and Corruption Control
- 11 **APPENDICES**
- Nil.



Fraud and Corruption Control Plan

DOCUMENT CONTROL

Category Type: Policy
Type: Council
Responsible Officer: Governance and Risk Lead

Last Review Date: 28 June 2022
Date Approved: xxxxxxxxxx
Next Review Date: December 2024

Revision No: 3

Stakeholder Engagement:
Asset and Risk Committee
Councillors
Chief Executive Officer
Financial Services Coordinator
Governance and Risk Lead

Fraud and Corruption Control Plan



1. PURPOSE

The purpose of the Fraud and Corruption Control Plan is to establish an appropriate framework that defines management and staff responsibilities and to ensure the implementation of robust practices for the effective detection, investigation and prevention of fraud and corruption of any description.

2. DEFINITIONS

Control (or internal control)	Control is defined as an existing process, policy, device, practice or other action that acts to minimise negative risks or enhance positive opportunities.
Corruption	<p>Is defined as dishonest activity in which a Councillor, staff, contractor or volunteer of Council acts contrary to the interests of the organisation and abuses his or her position of trust in order to achieve some personal gain or advantage for him or her or for another person or entity. Corruption is any conduct that is improper, immoral and fraudulent.</p> <p>Examples of corruption include:</p> <ul style="list-style-type: none"> • Release of confidential information for other than a proper business purpose in exchange for some form of non-financial benefit or advantage accruing to the staff releasing the information; • Collusive tendering (the act of multiple tenderers for a particular contract colluding in preparation of their bids). • Acceptance or offer of bribes, gifts or benefits; • Nepotism, favouritism, or other abuses of decision-making authority; or • Misrepresentation or misuse of Council information
Fraud	<p>Is defined as any dishonest activity causing actual or potential loss to any person or Council (including theft of money or other property) by Council officers or persons external to the organisation and whether or not deception is used at the time, immediately before or following the activity. This also includes the deliberate falsification, concealment, destruction or use of (or intention to use) falsified documentation and the improper use of information or position for personal financial benefit.</p> <p>Fraud examples include the following activities that result in actual or potential financial loss:</p> <ul style="list-style-type: none"> • Forgery or alteration of cheques, invoices, computer records and other documents; • Any misappropriation of funds, securities, supplies or any other assets; • Any irregularity in the handling or reporting of monetary transactions;

Fraud and Corruption Control Plan



	<ul style="list-style-type: none">• Unauthorised use or misuse of Council property, equipment, materials or records;• Any computer related activity involving the alteration, destruction, forgery or manipulation of data for fraudulent purposes or misappropriation of Council owned software; or• Any claim for reimbursement of expenses that is not made for the exclusive benefit of Council.
Prima Facie	Prima facie is a Latin term meaning "at first look" or "on its face" and refers to evidence which, unless rebutted, would be sufficient to prove the case.
Relevant Officer	A member of Council staff who oversees their designated department and supervises the staff allocated to that department.

3. SCOPE

This plan applies to all Councillors, staff, contractors and volunteers of Council.

4. CONTEXT

This plan forms the foundation of fraud and corruption control at Council and is to be read in conjunction with the following policies:

- Complaints Handling Policy
- Councillor Code of Conduct
- Councillor Gifts Policy
- Equal Employment Opportunity Policy
- Fraud & Corruption Control Policy
- Performance Management Employee Discipline Policy and Procedure
- Procurement Policy
- Public Interest Disclosure Procedure
- Risk Management Policy
- Risk Management Framework
- Staff Code of Conduct
- Staff Gifts Policy
- Workplace Anti-discrimination & Harassment Policy

Fraud and Corruption Control Plan



5. PLAN

5.1 Prevention

In balancing fraud and corruption control considerations with the organisation's objectives, every effort has been made to ensure fraud and corruption minimisation strategies are efficient and effective and take account of these objectives and their financial impact.

Fraud and corruption control is an essential element of sound corporate governance and is integral to internal risk control. Council believes that an emphasis on prevention and detection is the best way to deal with fraud and corruption.

The underlying thrust of Council's policy on fraud and corruption prevention is to encourage the public and staff to understand that fraudulent acts against Council are unacceptable, may constitute a criminal offence and will be prosecuted.

An important element of any fraud and corruption control program is awareness in the minds of all staff of the various aspects of fraud and corruption risks and how to respond if fraud or corruption is suspected. Experience has shown that one of the most common ways to detect fraud or corruption is by observation, investigation and reporting by fellow workers of the perpetrator/s.

5.2 Responsibilities for Fraud and Corruption Control

Chief Executive Officer (CEO)

The CEO has the ultimate responsibility for the prevention, control and minimisation of fraud and corruption across Council.

The CEO and relevant officers are responsible for monitoring the corporate implementation and performance of the Fraud & Corruption Control Policy and the Fraud & Corruption Control Plan, which includes promoting an environment where fraud and corruption are not tolerated.

In the instance that the CEO is the subject of a fraud or corruption allegation, the reporting person is directed to enact the Public Interest Disclosure Procedure.

Audit and Risk Committee

The Audit and Risk Committee is responsible for adopting the internal audit plan and reviewing audit reports. It has an overseeing role on behalf of Council of risk management activities relating to fraud and corruption minimisation. The internal auditor reports on finding and makes recommendations to management and the Audit and Risk Committee.

Fraud and Corruption Control Plan



Relevant Officers

As a key factor in fraud prevention, officers must exhibit to staff and customers a genuine and strong commitment to fraud and corruption control.

Relevant officers are required to manage risk, control costs, monitor and improve systems, institute proper controls and foster an ethical working environment, as well as:

- Delegation of duties to staff where practical;
- Continuously promote ethical behaviour by their actions and advice;
- Identifying high fraud risk areas;
- Developing/modifying local practices to reduce fraud risks;
- Assessing the cost benefit of introducing anti-fraud procedures;
- Reporting suspected fraud; and
- Adhere to the procedures to follow once fraud has been alleged and/or identified.

Staff

Staff must:

- Comply with internal control requirements, policies and procedures;
- Be aware of the signs of acts of misconduct, fraud and corruption;
- Report suspected acts of fraud, data breaches, corruption or misconduct; and
- Assist with any enquiries and investigations pertaining to fraud, corruption or misconduct.

Public Interest Coordinator

The Governance and Risk Lead fulfils the role of Public Interest Disclosure Coordinator and Investigator for the purposes of Public Interest Disclosures made under the *Public Interest Disclosure Act 2012*.

Under certain circumstances, a person is entitled to statutory protection from any retaliation for having made a "Public Interest Disclosure". However, those statutory protections are not available in all cases and further detail can be obtained from the Governance and Risk Lead or by consulting Council's Public Interest Disclosure Procedure.

5.3 Fraud and Corruption Risk Assessment

Council has a Risk Management Framework which facilitates the systematic identification, analysis and evaluation of risks within its business operations. The register includes identification

Fraud and Corruption Control Plan



of fraud risk and the controls in place to mitigate it.

This methodology considers the combined influences of the following factors on the activities of Council:

- The environment (both internal and external) within which Council operates;
- The timeframe and deadlines in which Council operates; and
- An overall assessment of Council's internal controls.

The effectiveness of internal controls needs to be measured regularly through internal reviews and on the basis of findings from a number of internal audits.

Further work is required to undertake more specific risk assessments of fraud in each high-risk area from a strategic and operational perspective.

The relevant officer will undertake a review of all fraud and corruption risk assessments annually to ensure there is a check on the implementation of all actions identified in the risk register. Council, in conducting and reviewing risks will take into account industry trends and incidents.

This Fraud Control Plan operates within an existing legislative and strategic framework. The diagram below shows the interdependency of a good plan with complimentary programs and processes.



Fraud and Corruption Control Plan



Communicating Intent

A fraud and corruption prevention policy and code of conduct are key mechanisms for clearly articulating a Council's objectives and expected outcomes in managing fraud or corruption.

An effective fraud and corruption control policy clearly establishes Council's attitude and approach to fraud and corruption control, while a code of conduct promotes high standards of ethical behaviour expected of staff and Council's commitment to these standards.

Identifying Risks

Developing an effective fraud control framework requires having a good understanding of Council's key fraud risks.

The fraud risk assessment should cover all the discrete functions and operations of a Council. To ensure an integrated and consistent approach, the assessment should also form part of Council's overall risk management strategy.

Limiting Opportunities

Once Council has established its fraud risk profile through a risk assessment process, it needs to implement dedicated internal controls — system processes and procedures — that will minimise those risks.

Raising Awareness

Fraud awareness training is an effective method of ensuring that all Councillors, staff, contractors and volunteers are aware of their responsibilities for fraud control, data protection and of expectations for ethical behaviour in the workplace.

Monitoring

Audit and Risk Committee oversight is critical to the success of the fraud control framework. The Audit and Risk Committee should regularly review Council's internal controls, risk management processes and fraud control strategies.

5.1 Monitoring and Review

Internal fraud and corruption controls should be proactive – meaning they should be in place from the beginning, before an incident occurs, rather than after and they should be cost effective.

A good system of internal fraud controls will lessen the chance of misuse of funds and resources, through appropriate documentation and procedures and will help to identify the cause of a problem.

Fraud and corruption control measures should be supported by regular testing and review of the control framework (such as that undertaken by internal audit and other compliance and assurance functions).

Fraud and Corruption Control Plan



5.2 Fraud and Corruption Education, Awareness and Training Ethics

In seeking to prevent fraudulent and corrupt activity, two of the most important factors are:

- Establishing and maintaining a sound ethical culture amongst all staff and volunteers; and
- Heightening awareness of the exposures and risks of fraud and data breaches at all levels of management.

Relevant officers are required to manage risk, control costs, monitor and improve systems, institute proper controls and foster an ethical environment. Council expects all staff to behave ethically and to be responsible for minimising any possibility of fraud and corruption within Council.

Where staff are faced with ethical dilemmas, they need assistance in deciding the appropriate course of action. This assistance is provided in the form of guidelines, established procedures and by maintaining an open environment in which staff are prepared to discuss ethical dilemmas. Council provides a number of resources to assist staff and volunteers including a Code of Conduct and an Employee Assistance Program.

Fraud and Corruption Awareness Training

Council recognise that the primary purpose of education and training in the area of fraud and corruption is to raise the general level of awareness amongst personnel about what fraudulent practices are and to make it very clear that they will not be tolerated under any circumstances.

All staff participate in a compulsory bi-annual compliance training where fraud and corruption awareness is one topic covered.

Fraud and Corruption Risk Assessment.

Risk assessments will be undertaken for all identified fraud and corruption risks in accordance with Council's current Risk Management approach.

Risks that can be assessed include:

- Theft of cash;
- Theft of material or equipment;
- Misuse of equipment;
- Misuse of credit cards and purchasing cards;
- Accounts payable;
- Payroll practices, including not recording leave;
- Data breaches;
- Procurement; and
- Recruitment.

Fraud and Corruption Control Plan



Additional risks will be identified through normal business unit operations and through the regular review of the risk register in accordance with the Risk Management Framework.

6 DETECTION AND REPORTING

6.1 Internal reporting

A range of options are available to report instances of behaviour involving possible fraud or corruption.

The reporting options are:

1. Reporting the incident to the staff member's supervisor;
2. Reporting the incident to Governance and Risk Lead;
3. Making a Public Interest Disclosure under the Public Interest Disclosure Act 2012. Further detail can be obtained from the Public Interest Disclosure Coordinator (the Governance and Risk Lead) or by consulting Council's Public Interest Disclosure Procedure.

The information provided in a report should include:

- Details relating to the suspecting offence; and
- Details of the suspected offender(s) where known.

Under certain circumstances statutory protections are available to staff disclosing fraud or corruption as a Public Interest Disclosure under the Public Interest Disclosure Act 2012. Individuals wishing to explore this option should confidentially contact the Public Interest Disclosure Coordinator.

6.2 Internal Auditors role in detecting fraud and corruption

Management and the internal audit activity have differing roles with respect to fraud detection. The normal course of work for the internal audit activity is to provide an independent appraisal, examination and evaluation of an organisations activities as a service to the organisation. The objective of internal auditing in fraud detection is to assist members of the organisation in the effective discharge of their responsibilities by furnishing them with analysis of controls, appraisals, recommendations, counsel and information concerning the activities reviewed.

7 RESPONSE

7.1 Internal reporting by staff and volunteers

Subject to the conditions mentioned in clause 6.1, instances of fraud and corruption will be reported to the police where:

Fraud and Corruption Control Plan



- The monetary value of the fraud case is material;
- Any non-financial benefit or advantage gained results in a significant loss to Council; or
- The fraud undermines confidence in a program or system.

Fraudulent or corrupt activity falling below the reporting threshold may be reported to the police where there is reasonable cause to believe that the activity:

- Is part of a conspiracy or involves collusion;
- Is part of a pattern of activity or is linked with previous patterns of activity (either of an individual or an organisation);
- Involves bribery or other forms of corruption;
- Involves the inappropriate or unjustified use of a Corporate Credit Card; or
- Involves disclosure of sensitive or classified information.

The requirement for Council to report information on fraud does not detract from Council's authority to determine the appropriate remedy to be applied, i.e. prosecution, administrative action, civil remedy, recovery action, use of internal disciplinary procedures, or whether any further action will be taken in the matter.

Council staff should in all instances seek the advice and guidance of the Governance and Risk Lead who will determine whether disciplinary or legal action is appropriate.

7.2 External reporting to outside authorities

In the event that there is a reasonable suspicion that, in a particular matter, an offence has occurred, and that the matter may have implications for another agency, then a report on that matter, excluding personal information unless prima face evidence exists, will be provided to the relevant agency at the earliest opportunity.

7.3 Investigations

Public Interest Disclosures will be dealt with as per Council's Public Interest Disclosure Procedure.

In the case of allegations of fraud or corruption made by staff, volunteers, contractor, or external party, and where the fraud or corruption report is not being made as a Public Interest Disclosure, the officer taking the report should:

- Meet with the informant without delay and take detailed notes of the facts;
- Review the facts and establish that the allegations are being made in good faith;
- Report the matter to the Fraud Control Officer (Governance and Risk Lead).

As the public disclosure of the making of an allegation of fraud or corruption could expose Council to a civil action, all staff receiving a complaint are bound to:

Fraud and Corruption Control Plan



- Maintain confidentiality at all times around all allegations raised and as to the identity of any individuals involved;
- Not attempt to personally undertake an investigation;
- Not contact any staff who are the subject of the allegations;
- Not discuss the complaint with any other staff other than as directed by an authorised investigating officer; and
- Not compromise the integrity of any evidence supporting allegations.

7.4 External Investigation

Where the initial investigation discloses:

- Instances of fraud as outlined in clause 7.1; or
- In the case of a Public Interest Disclosure under the Public Interest Disclosure Act 2012, at the direction of the Victorian Ombudsman.

The matter will be referred to the Victoria Police for further investigation. Council and its insurers will actively pursue the recovery of any money/property lost through fraud.

8 REFERENCES

- Declaration of Outside Employment Form
- Public Interest Disclosures Act 2012
- Local Government Act 2020
- Strategic Risk Register
- Australian Standard AS 8001-2021 Fraud and Corruption Control

3.8 CONTRACT NO. P-01 – PANEL SUPPLY CONTRACT – PROVISION OF TRADE SERVICES – PAINTING, ELECTRICAL & PLUMBING

RESPONSIBLE OFFICER: QUALITY AND SERVICES COORDINATOR
DEPARTMENT: INFRASTRUCTURE
REFERENCE: 14994

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

This is a Panel Supply Tender requesting suppliers to submit unit rates for the provision of trade services including painting, electrical and plumbing maintenance services.

The contract shall be for a fixed term from the award of tender to 30 June 2025, with the option to extend for a further 2-year period to conclude on 30 June 2027.

This report will discuss the addition of new trades service suppliers to the Contract Panel and provide a recommended tender(s) for approval by Council.

DISCUSSION

The original tender call received ten (10) tenders, an additional submission has been made by a new organisation to the region, the ability to add new providers to the panel allows flexibility of suppliers and ensure continuity of service.

<u>NAME</u>	<u>TRADE</u>
CHS Australia Pty Ltd	Electrical
Grampians Painting and Decorating	Painting

The Evaluation Panel have met and considered the tender(s) submitted against the evaluation criteria of previous supplier acceptance.

The use of Panel Arrangements – Prequalified Suppliers allows for business as usual to continue without the requirement for extensive quoting, as their schedule of rates provides a basis for works to be undertaken and will not affect the aggregated spend with each contractor. Where the budget for works is above \$15,000, project specific quotes will be requested from the approved suppliers on the panel.

As a part of the evaluation of this panel all Local suppliers were accepted to be a part of this trade panel. Where non-local suppliers have provided pricing, the evaluation measured the hourly rates against the local who would be able to provide the timeliest service. The submission from CHS Australia Pty Ltd and Grampians Painting and Decorating are both local contractors and comparable to other on the panel.

All other tenderers are considered suitable for the panel and appropriate work opportunities will be provided by authorised Council officers when they become available.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

4. Developing and maintaining key enabling infrastructure
We will ensure that we plan, fund and develop new infrastructure in ways that delivers strong public value. Existing infrastructure will be managed, renewed and maintained to ensure that it continues to serve identified public needs.

6. Strong and Effective Governance.
We will work hard to build models of governance that place delivering public value at the centre through effective financial management, well measured risk management, and implementation of effective community engagement practices.

Budget Implications

The council has allocated budget within Capital and Maintenance Operations.

Policy/Relevant Law

- Ararat Rural City Council Procurement Policy (Clause 2.16)
- Local Government Act 2020

Sustainability Implications

Works will be allocated as determined by the authorised council officer for the project being undertaken. Sustainability of the project and the further effects of the social, economic, environmental and climate change are considered at the implementation of Council projects.

Risk Assessment

Low Risk – Risks will be managed through project planning and management procedures and contract administration.

Innovation and Continuous Improvement

New or alternative processes will be considered in line with the strategic direction of council's operational and maintenance services.

Stakeholder Collaboration and Community Engagement

Internal stakeholder collaboration has occurred through the budget process. Further stakeholder engagement will occur as projects are determined and the trade requirements better understood.

RECOMMENDATION

That:

1. Council award Contract No. P-01 for the Panel Supply Contract – Provision of Trade Services – Painting, Plumbing and Electrical to the following supplier:
 - CHS Australia Pty Ltd
 - Grampians Painting and Decorating
2. The Chief Executive Officer Sign the Contract Deed.

**MOVED CR BURRIDGE
SECONDED CR BEALES**

That:

1. Council award Contract No. P-01 for the Panel Supply Contract – Provision of Trade Services – Painting, Plumbing and Electrical to the following supplier:
 - CHS Australia Pty Ltd
 - Grampians Painting and Decorating
2. The Chief Executive Officer Sign the Contract Deed.

CARRIED 4975/24

ATTACHMENTS

There are no attachments relating to this item.

SECTION 4 – INFORMATION REPORTS

4.1 COMMUNITY SUPPORT GRANTS REPORT MARCH 2024

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 14995

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

Council received 10 applications for the March 2024 round of Community Support Grants. An assessment panel comprising of two community members and the Chief Executive Officer assessed the applications and agreed to fund 6 of the applications, all to the full requested amount. The rejected applications were due to the following reasons:

1. The intent of the grant or community benefit was unclear
2. The organisation not meeting grant guidelines – as it was not a local community organisation. In some cases, these were national charities or for-profit businesses.

DISCUSSION

Community organisations are required to provide matching funding based on cash or in-kind contributions to support their project or event. Infrastructure projects are not included in the new funding guidelines.

Council received 10 applications for the March 2024 round of Community Support Grants. An assessment panel comprising of two community members and the Chief Executive Officer assessed the applications and agreed to fund 6 of the applications, all to the full requested amount.

The successful grants were as follows:

Community Organisation	Purpose	Amount
Ararat Early Learning Centre	To regularly participate in Kinder Gym Program at Ararat Fitness Centre	896.00
Ararat Neighbourhood House	Grampians Green Thumb Project – to increase the number of people growing their own food from home.	\$300.00
Australian Plant Society Pty Ltd	Event Support – Pomonal Native Flower Show (40 th Anniversary)	\$3300.00
Chalambar Bowls Club	New Member Recruitment Drive	\$3000.00
Grampians Soaring Club	Purchase of new Safety Equipment - Parachutes	\$3000.00
Halls Gap Neighbourhood House	Regrowth project of vegetable gardens and trees to Pomonal residents affected by the February 2024 bushfires	\$3000.00
Total Funding		\$13,496.00

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

5 Enhancing Community Life

We will work with the communities of Ararat Rural City to maintain social cohesion, support community activity and cultural life, and enhance safety.

Budget Implications

The grants were all made within existing budgetary allocations.

Policy/Legal/Statutory

Community & Event Support Grants Guidelines

Risk Assessment

Risks have been assessed and understood by the grants committee. No unmanaged risks identified at this time.

Stakeholder Consultation and Communication

The outcome of each grant was made in conjunction between the two external panel members and the Chief Executive Officer.

RECOMMENDATION

That

1. *Council receive the Council Community Support Grants report for the March 2024 funding round.*

**MOVED CR WATERSTON
SECONDED CR BURRIDGE**

That

1. Council receive the Council Community Support Grants report for the March 2024 funding round.

CARRIED 4976/24

ATTACHMENTS

There are no attachments related to this item.

4.2 2023/2024 CAPITAL WORKS PROGRAM – APRIL 2024

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 14986

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

Council adopted its 2023/2024 Capital Works Program as a key element of the 2023/2024 Budget. The 2023/24 budget has a strong focus on infrastructure with a \$9.5 million investment in capital works.

Major works including the following:

- Stage one of Mount William Road construction,
- Urban gravel to seal road upgrades, and
- Maintaining and repairing rural and urban roads and drainage.

DISCUSSION

Council's 2023/2024 Capital Works Program continues to be substantially different to previous years, the program does not have a number of major road and bridge construction projects and will continue to undertake a "small targeted" capital works program.

The emphasis for 2023/2024 is on renewal and updating Council assets, undertaking a larger number of smaller projects of lower value to avoid the impacts of price volatility in the market. Using this approach will also provide opportunities to leverage in-house capability, support local employment and engagement of local contractors.

The capital works program has had an emphasis on the following areas:

- An enhanced road reseal program.
- Improvement to urban drainage.
- Upgrades to the footpath network.
- A major urban road gravel to seal program.
- Commencement of Mt William Road Reconstruction works.

Capital Works Budget Status:

As of 18 April, 2024, the capital works budget is 65% spent, slightly below the expected monthly rate. This has slowed on other months due to the two bushfires in the municipality in February which has put significant pressure on our workforce, causing priorities to shift towards areas of urgent need.

Ongoing Projects

- The Urban gravel to seal project has commenced with Ironbark Lane being completed in April.
- Mt William Road reconstruction has commenced in April, with tree trimming and removal commencing and ground works following soon after, resident notification of detours has been undertaken.
- Road resheeting has seen substantial progress with 107% of the budget expended, with the final portion of the budget expended on OTTA seals to rural roads within the municipality.
- The first OTTA seal was completed on 11 April April 2024 in Elizabeth Street East, Ararat. Additional urban roads will receive this treatment starting with Thomas and Young Street before the end of the month.

- Council will be trialling the use of the TerraPave system on Warrayatkin Road from Warrak Road for a distance of one kilometre.

Terra Pave products are an environmentally safe, all-purpose liquid soil additive that is mixed with water and used to prevent base failure, dust pollution, soil erosion and increases soil strength and reduces permeability. This product is an alternative to the traditional stabilisation concrete lime and asphalt pavements which produce greenhouse gas and carbon dioxide. Terra Pave is non-petroleum-based and eco-friendly, evaporating only water during the curing process and emitting no volatile organic compounds (VOCs). Developed in conjunction with University of Texas, USA, Terra Pave has been used in more than 40 countries around the world, including Canada, Mongolia, Madagascar, countries within South America and Africa. The application has been designed for use in hot arid areas and will be interesting to see how it performs in a cooler climate.

- Small property capital projects has been fully expended with 101% of the budget expended.
- The unbudgeted resurfacing of the Alexandra Oval is complete, training of both football clubs has recommenced on the ground and football season now underway.
- The stage one development of the Ararat Fitness Centre has encountered issues related to the age and compliance of the building, resulting in the halting of works.

	Budget	Committed/ Contracted	Expended	%	Notes
<u>PROPERTY -CAPITAL</u>					
Property Capital	\$400,000		\$395,182	99%	These works are made up of a series of smaller projects across the municipality.
					This budget will be fully expended by the end of financial year.
Alexandra Oval Resurfacing			\$235,830		This was an unbudgeted project. Works on the Alexandra Oval are complete – users will have access to the facility from 1 April 2024.
Ararat Fitness Centre Stage 1	\$950,000		\$29,222	3%	This project has been halted due to age and compliance issues. Further information will be provided at the April Council meeting.
TOTAL PROPERTY			\$660,234		
<u>PLANT & EQUIPMENT</u>					
Plant and Vehicles			\$346,146		These unbudgeted items include four new passenger vehicles and a new mower that was purchased at the start of the financial year.
Book stock - Library Book Replacement	\$40,000		\$21,107	47%	Quarter 3 payment is due in April 2024. This will be fully expended by the end of financial year.
TOTAL PLANT & EQUIPMENT			\$372,003		
<u>ROADS</u>					
Gravel Road Sheeting & Gravel Road Widening	\$2,800,000	\$620,071	\$2,380,531	107%	The 23/24 Resheeting and Road Widening program is fully expended. The committed component of the budget is for OTTA Sealing of a number

					of rural roads that have consistent resheeting work undertaken on them. These works will be completed in May 2024.
Reseal Program	\$1,000,000	\$77,396	\$768,285	85%	<p>Design works are complete for Rhymney Rd.</p> <p>Geotechnical Investigation and design works are nearing completion for the Buangor Ben Nevis Rd. This work is being completed with funding from LRCI and Council. These works are expected to commence within the financial year.</p> <p>Road reseal program commenced in September 2023 and was completed in December 2023.</p> <p>Line Marking is expected to commence in April 2024.</p> <p>This budget is expected to be underspent by the end of financial year with Rhymney Road works on hold due to cost estimates. This allocation will be redirected to other projects including Helendoite Road Bridge and McLellan Street reconstruction.</p>
Mt William Road	\$1,000,000	\$254,234	\$25,458	28%	<p>Work have commenced in April 2024.</p> <p>The works have been set out, tree works and stabilising contractors engaged, and stone ordered for the works to commence.</p> <p>These works will be complete by the end of financial year in line with the Roads to Recovery funding.</p>
Urban Road Gravel to Seal	\$2,200,000	\$279,730	\$97,450	18%	<p>Ironbark Lane will be sealed before the end of April.</p> <p>Other designs are now ready to commence including Currajong Avenue/McLellan Street, Bailey Lane, Mulcahy Road & King Street.</p> <p>The OTTA seal has been completed on Elizabeth Street East and OTTA seals will be completed on Thomas and Young Streets, Ararat before the end of April 2024.</p>

					<p>Planning works for the 24/25 program is currently being undertaken.</p> <p>This budget is expected to be underspent with the works being completed costing significantly less than estimated.</p>
Major Patching		\$45,200	\$72,306		<p>This line item is unbudgeted.</p> <p>Major patching contractors have commenced works.</p> <p>Asphalting works have been completed at the Deneys Carpark.</p>
Footpath Renewal Program	\$400,000	\$107,507	\$393,502	128%	<p>Several footpath works have been completed this year within Ararat and rural townships.</p> <p>Works are currently being completed in McGibbony Street and Ford Street in Ararat and Walkerville & Wileman Street in Willaura.</p>
Urban Drainage Works	\$750,000	\$9,000	\$290,659	40%	<p>Works have been completed in Golf Links Road and are nearing completion in Thompson and Kneale Streets, Ararat.</p> <p>A number of small works are expected to be complete by the end of financial year.</p> <p>One significant project is also to be undertaken with connection of drainage from Queen Street to Cemetery Creek, with the tender being advertised in mid April.</p>
TOTAL INFRASTRUCTURE		\$1,393,138	\$4,028,191		
TOTAL CAPITAL WORKS		\$1,393,138	\$5,060,428		

There are also recreation facilities projects that were funded in the 2021/2022 budget that have extended beyond the single financial year. The committed expenditure includes contracts entered for construction of various elements of the projects. The table below provides a summary of these projects:

Capital Work Element	Committed expenditure	% complete	Notes
Gordon St Recreation Reserve	\$4,739,039	100%	<p>The pavilion has reached practical completion with an Occupancy Permit being provided in mid-March 2024.</p> <p>Fencing of the soccer and AFL fields which is to commence week starting 29 April 2024, and seeding of the soccer</p>

			pitch and concreting of the Little Athletics infrastructure, are the final works to be completed. The Ministerial Opening for the redevelopment is to be held on 23 May 2024.
Buangor Recreation Reserve Kitchen Extension	\$53,590	20%	The project has been out to the market and came in with a significant price difference between the cost plan and the pricing received from the tenderers. Funding opportunities are being looked at to progress this project further.
Lake Bolac Golf Club Kitchen	\$179,864	91%	Works are being undertaken by Build Forth, from Ballarat, this project is complete.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

The key financial drivers align strongly with the thrust of the Council Plan 2021-2025, particularly the following:

- 4.1 Ensure that asset development and renewal during the planning period matches that identified in Council's Asset Plan 2021-2031.
- 4.2 Work directly with asset users to manage and develop new and existing assets.
- 4.3 Deliver infrastructure outcomes that support economic growth, promote community wellbeing and safety and align with Council's financial sustainability.
- 6.1 Deliver responsible budget outcomes, linked to strategy, that deliver value, innovation, and rating fairness.

Budget Implications

The 2023/2024 Capital Works Program represents a significant element of Council's 2023/2024 Budget. In the current civil construction market, it is essential that Council manages capital works expenditure carefully to ensure budget outcomes are met.

Policy/Relevant Law

The 2023/2024 Capital Works Program complies with the program funded in the 2023/2024 Budget.

Sustainability Implications

There are no environmental sustainability implications. Council is mindful of considering new innovative approaches to improve its sustainability and environmental footprint as a part of the Capital Works program.

Risk Assessment

The 2023/2024 Capital Works Program was developed as a mitigation of the financial risks associated with market volatility currently being experienced in the civil and building construction sectors.

Innovation and Continuous Improvement

Development of the 2023/2024 Capital Works Program represented an agile response to market conditions. A capacity to rework strategy based on a changing environment is a critical element in developing an innovative organisation.

Stakeholder Collaboration and Community Engagement

The 2023/2024 Capital Works Program has been developed as an element of the 2023/2024 Budget. There was extensive community engagement undertaken prior to adoption.

RECOMMENDATION

That Council

1. *receive this information report.*

**MOVED CR J ARMSTRONG
SECONDED CR WATERSTON**

That Council

1. **receive this information report.**

CARRIED 4977/24

ATTACHMENTS

There are no attachment in relation to this item

4.3 LAKE BOLAC AND SURROUNDS CHILDCARE DEMAND AND FEASIBILITY STUDY FINAL REPORT

RESPONSIBLE OFFICER: STRATEGIC PROJECT LEAD
DEPARTMENT: CEO's OFFICE
REFERENCE: 14996

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

The Lake Bolac & Surrounds Childcare Demand & Feasibility Study Final Report is now complete and is presented to the Councillors.

The next steps in this initiative is to continue to work with private and not-for-profit sectors to deliver the much needed outcome of a new childcare centre in Lake Bolac.

DISCUSSION

The Lake Bolac & Surrounds Childcare Demand & Feasibility Study was initiated by the Ararat Rural City Council to attempt to resolve the challenges experienced by previous efforts to secure adequate childcare for the Lake Bolac and surrounding community.

The study investigated the level of demand and what families were able to pay, the results of this was previously presented to Council in the Community Consultation Summary Report. This Study also assessed potential locations and facilities, whether to renovate an existing facility or build a new facility, what the workforce needs might be for a new child centre, and whether a new centre was likely to be financial viable.

A summary of the findings and learnings are provided below:

1. The demand for existing gaps in early childhood education and care in the Lake Bolac & surrounds is more than sufficient to support the establishment of a profitable new centre.
2. The optimal location for a new childcare centre is on existing council-owned land and within close proximity to the Lake Bolac P-12 College and Lake Bolac & District Kindergarten
3. The new childcare centre should be built with additional capacity on top of the demand found in this Feasibility Study. This would future-proof the capital investment and enable it to cater to potential growth in the local population and an increased demand for places.
4. A key challenge will be securing the necessary early childhood education and care workforce to run the new centre. The new childcare provider would have greater likelihood of long term success and viability if it had a demonstrated track record and reputation for delivering quality long day care services and the ability to attract, develop and retain staff locally.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

1. GROWING OUR PLACE

We will create the settings to support growth across our municipality through an improved planning scheme, actively pursuing new housing options and exploring models for in-migration.

2. BUILDING ROBUST LOCAL ECONOMIES

We will develop strong relationships to build and strengthen a diverse local economy, focussed on creating jobs and wealth through adding value to existing strengths in agriculture, manufacturing, tourism and hospitality.

Budget Implications

There are no budget implications associated with this report.

Policy/Relevant Law

Not applicable.

Sustainability Implications

None identified

Risk Assessment

None identified

Innovation and Continuous Improvement

None identified

Stakeholder Collaboration and Community Engagement

Community consultation and engagement has occurred during the development of this Feasibility Study. Collaboration and engagement with the private and not-for-profit sector is currently underway.

RECOMMENDATION

That Council

1. *Receive the Lake Bolac & Surrounds Childcare Demand & Feasibility Study Final Report*

MOVED CR J ARMSTRONG

SECONDED CR BEALES

That Council

1. Receive the Lake Bolac & Surrounds Childcare Demand & Feasibility Study Final Report

CARRIED 4978/24

ATTACHMENTS

The Lake Bolac & Surrounds Childcare Demand & Feasibility Study Final Report is provided as Attachment 4.3



Lake Bolac & Surrounds Childcare Demand & Feasibility Study

Final Report

Acknowledgement of Country

The Ararat Rural City Council acknowledges the Traditional Owners, the Eastern Maar, Wadawurrung and the neighbouring First Peoples who for thousands of years have gathered in Buluk (Lake Bolac) during the kuyang (eel) season. We pay our respects to their Elders, past and present, and acknowledge their rich history, culture and continuous connection to Country.

Executive Summary of Findings and Learnings

1. The demand for existing gaps in early childhood education and care in the Lake Bolac & surrounds is more than sufficient to support the establishment of a profitable new centre.
2. The optimal location for a new childcare centre is on existing council-owned land and within close proximity to the Lake Bolac P-12 College and Lake Bolac & District Kindergarten
3. The new childcare centre should be built with additional capacity on top of the demand found in this Feasibility Study. This would future-proof the capital investment and enable it to cater to potential growth in the local population and an increased demand for places.
4. A key challenge will be securing the necessary early childhood education and care workforce to run the new centre. The new childcare provider would have greater likelihood of long term success and viability if it had a demonstrated track record and reputation for delivering quality long day care services and the ability to attract, develop and retain staff locally.

Message of Appreciation

The Ararat Rural City Council would like to thank everyone who supported, contributed to, and took the time to participate in this study.

Project Contact:

Phuong Au
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Date: April 2024

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Appendices

Appendix. 1 - Community Consultation Summary Report

Background

Lake Bolac is located in south west Victoria between Ballarat and Hamilton, and 30 minutes south of Ararat. The surrounding region includes the suburbs of Willaura, Mininera, Westmere, Streatham, Nerrin Nerrin, Woorndoo, and Wickliffe. At the 2021 ABS Census, the Lake Bolac and surrounding communities had a total population of 1,409, and 83 children aged 0-4, and 159 children aged 5-14 (see Table 4). When compared with the number of children at the 2016 ABS Census, the number of children aged 0-14 in certain locations had grown significantly, for example Lake Bolac has grown from 46 to 68 (+12), in Westmere the number of children increased from 0 to 11 (+11) and in Woorndoo, the increase is from 22 to 43 (+21). Recent changes to the Child Care Subsidy that came into effect in July 2023 have also made accessing childcare more affordable for many families.

The insufficient amount of childcare places in the Lake Bolac region and the significant challenges this has imposed on families, particularly mothers, has been a very long standing issue. The recent increase the number of children in the region has prompted a series of efforts to address the lack of childcare, these are summarized below.

This Feasibility Study was initiated by the Ararat Rural City Council to attempt to resolve the challenges experienced by previous efforts to secure adequate childcare for the Lake Bolac and surrounding community. This initiative aimed to quantify the demand and what families were able to pay, in order to demonstrate that there was sufficient demand for a financially viable childcare business and to warrant the investment of capital into a fit-for-purpose childcare facility.

Existing Early Years Services

The existing early years services in Lake Bolac include the:

- **Lake Bolac P-12 College** with grades Prep to Year 12.
- **Lake Bolac & District Kindergarten** that delivers mixed age 3 & 4 Year Old Kindergarten on Thursdays and Fridays in 2024 from 8.30am to 4.00pm. The number of days is expected to increase with the roll out of Pre-Prep in the Ararat Rural City from 2025.
- **A Family Day Care** service was established in 2016 in the Lake Bolac P-12 College, providing very much needed childcare places within the community. Family Day Care services may care for up to 7 children at any one time, with no more than 4 children under school age. The demand at the Family Day Care service very quickly exceeded the available places.
- **Maternal & Child Health** nurses have appointments at the Lake Bolac Bush Nursing Centre, 155 Montgomery Street, twice a month.



The Long Journey for Childcare

Throughout this study, many women who raised their children in the Lake Bolac region told their stories of the challenges they experienced in accessing childcare, and employment, as a result. Kasey (above), from the Lake Bolac Diner & Café, had to drive for over two hours each day to and from multiple childcare services in different locations on different days. For a time, her primary school-aged child also had to travel with her on these long, daily, commutes, because there were no other options for her at the time.

There is currently no Outside of School Hours Care service in or around Lake Bolac. The nearest childcare centres are located in Chatsworth (approx. 20 minutes travel time by car from Lake Bolac, open 2 days per week), Mortlake (30 minutes), or Beaufort (45 minutes).

Timeline of Recent Efforts to Address Lack of Childcare

In December 2021, the Lake Bolac P-12 College undertook market research to ascertain the need/demand for childcare in the Lake Bolac and surrounding communities. This market research showed that there was strong demand, but the College encountered challenges with the cost and provision of infrastructure for a long day care childcare service.

In March 2022, in response to community concerns about the provision and access to early years services, including childcare, kindergarten and outside of school hours care (OSHC) – Council launched a survey which sought to better understand Ararat Rural City's childcare landscape. This survey received 127 responses from residents across the municipality. A disproportionately high number of these responses were received from Lake Bolac (14.7%). With women representing 91.34% of all survey respondents, a strong theme that came through the survey comments was the impact that the lack of childcare access has on the careers of rural women who wish to be empowered with a career, financial stability and independence. These socio-economic impacts can also amplify the city-rural disparity in other areas including health outcomes and exposure to family and domestic violence.

The March 2022 survey found that limited available vacancies (including waitlists), poor access (based on proximity to service), hours of OSHC offered, and staff shortages were issues represented across the entire municipality, but particularly acute in Lake Bolac, Willaura, Moyston and Buangor. The provision and availability of full-time childcare and OSHC were overwhelmingly presented as what is required to meet the needs of local families. In addition, many families with children attending standalone kindergarten programs could not access an equivalent OSHC program (as this service is for school-aged children only). Only those enrolled in long day care that also offers a kindergarten program can access before and after kinder care.

In July 2022, Council carried a motion to engage in extensive advocacy to secure support for solutions to the issues identified in the March 2022 Ararat Childcare Survey results. The Commonwealth Department of Education had available the Community Child Care Fund (CCCF) Limited Supply competitive grant opportunity. The Department of Education identified a list of priority areas that experience particularly high levels of disadvantage in regional and remote areas of Australia, and that are also areas with no or limited approved child care services. Lake Bolac is located in the Statistical Area Level 2 (SA2) of Ararat Surrounds (see Image 1) which did meet these requirements, but did not rank in the Top 200 Priority Areas for the limited supply round. During this period, the State Government announced it would build and run 50 new early learning and childcare centres across Victoria as part of its *Best Start, Best Life* reforms. The final locations of the 50 State Government childcare centres was announced on 5th December 2023. Lake Bolac was, again, overlooked and was not selected as a site for one of the State Government's childcare centres.



Childcare is not a responsibility of local government, however there are circumstances where local governments may step in to help address market and policy failures. On 6th December 2023, Council began preparations for this Lake Bolac Childcare Demand & Feasibility Study, with the online survey opening on 11th December 2023 and the first community consultation session held on 12th December 2023. The rest of this Study activities and outcomes are provided below.

Image 1 (above). The map of the Ararat Surrounds Statistical Area Level 2.

Government Policy Context

Best Start, Best Life Reforms

The State Government's *Best Start, Best Life Reforms* have so far resulted in the implementation of 15 hours of free kindergarten for 3 and 4 year old children across Victoria, including in Lake Bolac and surrounding areas. From 2025, the Ararat Rural City will be part of 6 local government areas that will transition from 15 hours of 4 Year Old Kindergarten to 30 hours of Pre-Prep for 4 year olds. The 15 hours of kindergarten for 3 year old will remain the same. The kindergarten and Pre-Prep will remain free. Pre-Prep is likely to be delivered over four days, while 3 year olds are expected to continue to access kindergarten over 2 days. The impact of this on a potential childcare service is the reduced demand for a childcare place for 4 year old children. Some families may still require childcare for their 4 year old children on the one day per week that kindergarten is expected to not run. Most of the demand for childcare places in Lake Bolac are in the 0-2 year old age range (see Appendix 1. Community Consultation Survey Summary Report).

The State Government has a range of early childhood infrastructure grants available through the Victorian School Building Authority (VSBA), however these Building Blocks Grants are specifically for kindergarten places. Council has spoken to the VSBA who advised that they do not fund childcare-only infrastructure projects, and the Lake Bolac & District Kindergarten currently has sufficient places to cater to the expected number of 3 and 4 year old children in the short to medium term.

Child Care Subsidy

Since July 2023, the Commonwealth Government's Child Care Subsidy (CCS) rates increased to cover up to 90% of fees for families earning less than \$80,000 per annum, with the percentage gradually decreasing for income above \$80,000 to \$530,000 per annum, where the Standard CCS rate ceases. The CCS rates for the second or younger child in childcare is up to 95%. This reform has made the cost of childcare more affordable for more families and increased the number of families who can access some CCS. There are eligibility criteria that families must meet to access CCS, and the amount of subsidy they can receive depends on a number of criteria.

For families seeking more information, see the following links:

- <https://www.servicesaustralia.gov.au/child-care-subsidy>
- <http://www.startingblocks.gov.au/> - for a CCS calculator.



Image 2 (left). Many young families have moved into the Lake Bolac region and would like to be able to access childcare locally.

Potential Future Directions

ACCC Childcare Inquiry

The Australian Competition & Consumer Commission conducted an inquiry into the market for the supply of childcare services. The final report was released in January 2024. This inquiry provided a useful description of the childcare sector in terms of financial viability and other factors that were be considered for assessing the feasibility of a new childcare service in Lake Bolac (see Table 1).

Table 1. Findings from the ACCC Childcare Inquiry were considered as part of the feasibility assessment for this Study.

Finding	Impact on This Feasibility Study
Finding 9: "Land and related costs are the other significant driver of cost for centre based day care providers."	Infrastructure options that involve the purchase of land or that involved additional services connections were not seen as favourable.
Finding 12: "On average, large centre based day care and outside school hours care providers appear to be profitable and financially viable."	This study will recommended one large service instead of multiple smaller Family Day Care services if there is sufficient demand for a centre.
Finding 14 c: "On average, margins are higher: for services with higher quality ratings."	Supporting the establishment of a service with a childcare provider that has a demonstrated record of quality and staff attraction, development and retention may help to ensure the new service is viable over the long term.
Finding 15: "The ability to attract and retain staff is a key determinant of perceived quality, which affects the profitability and viability of a service."	

The above Inquiry also makes a number of Recommendations which may impact on a new childcare centre in the future, these are summarized below:

- Recommendation 2: changes to the Child Care Subsidy (CCS) to more closely reflect the input costs relevant to the delivery of childcare services, and modifying the CCS activity test to remove potential barriers for disadvantaged children.
- Recommendation 6: addressing barriers that may be prevent First Nations households from access CCS and other childcare entitlements, and
- Recommendation 7: consideration for a market stewardship role for government, with a key role of stewards being e identifying under-served or unserved markets and cohorts of childcare users.



Image 3 (left). Nanny with children at the local library.

A number of families in the Lake Bolac region have hired private nannies to enable the parents to pursue their career aspirations and provide for their families financially.

The impact of the implementation of Recommendations 2 and 6 would be increased access and demand for childcare services from disadvantaged and First Nations families. Recommendation 7 is similar to the role that the Ararat Rural City Council has taken in in this study.

The Commonwealth Government will consider the above ACCC Childcare Inquiry report and its recommendations alongside the Productivity Commission Inquiry into Early Childhood Education and Care (summary below), which is due to be finalised by 30 June 2024.

Productivity Commission Inquiry into Early Childhood Education and Care

The above Productivity Commission Inquiry Terms of Reference included the exploration of the early childhood education and care system for affordability, access, workforce and benefits for children especially children from disadvantaged backgrounds. The draft report, titled "A path to universal early childhood education and care", was released in November 2023. It contained a number of draft findings and recommendations that support the introduction of universal access to 30 hours or three days a week of quality early childhood education and care for all children aged 0-5 years whose families wish for them to participate. The draft recommendations included changes to funding arrangements for providers, greater support for the workforce and for access early childhood training and qualifications, and improving affordability and access for households.



Image 4 (above). Access to childcare would enable, and help attract and retain, key workers to the Lake Bolac region.

The final report is due to the Commonwealth Government by 30 June 2024. Any changes to the early childhood education and care system would still depend on adoption and implementation of the recommendations by the Commonwealth Government.

Feasibility Study Methodology

This project undertook a series of investigations to determine viable models of early childhood education and care for the Lake Bolac and surrounding communities. These are summarized in Table 2 below.

Table 2. Key questions investigated in this Feasibility Study and the methodology and considerations

Area	Key Questions	Method of Investigation or Considerations
Demand & Care Type	1. How many children need early childhood education and care, and what type of care do they need?	a) Community consultations and survey of families and households who require early childhood education and care in Lake Bolac & surrounding areas.
	2. What fees are families able to pay?	b) Review population trends over time
	3. What type/s of care would best meet the level of demand identified?	a) Review of childcare types and limitations, eg. limits of places or ages for different types of care
Location & Facilities	4. Where might be the ideal location/s?	a) Identify potential facilities in the region and undertake site inspections to assess the conditions, where possible.
	5. Should an existing facility be refurbished, or should a new facility be built?	b) Obtain cost estimates for the construction of new facilities and compare refurbishing an existing facility vs building new.
Workforce	6. Does Lake Bolac & surrounds have the workforce available to operate a new childcare service?	a) How many staff might be needed? b) What is the existing workforce in the Lake Bolac region?
Feasibility	7. Is it viable to establish a new childcare service?	c) Quantify the probably income and expenses. State the assumptions.

Population Data

Childcare Demand from Families Survey

A summary of the demand for childcare places is provided in Table 3 below. This data is from feedback and survey responses from the Lake Bolac and surrounding communities, obtained over the period from December 2023 to January 2024. Further details are available in Appendix 1. Community Consultation Summary Report.

Table 3. Indicative spread of demand for places over the week

Day	Age 0-2 or Unclear Age	Age 3 to Pre-School Age	Outside of School Hours Care	Minimum Places Needed
Monday	25	9	6	40
Tuesday	28	9 (1 before & after kinder only)	4	41
Wednesday	30	11 (3 before & after kinder only)	6	47
Thursday	26	11 before, 12 after kinder only	4 before, 8 after	46
Friday	24	10 before, 12 after kinder only	6 before, 10 after	46

Census Data 2021 vs 2016

At the 2021 ABS Census, the Lake Bolac and surrounding communities had a population of 83 children aged 0-4, and 159 children aged 5-14 (see Table 4).

Table 4. 2021 ABS Census Population of Children up to age 14 in the Lake Bolac region.

State Suburb	Population 2021 ABS Census			2016 ABS Census
	Aged 0-4	Aged 5-14	Total Aged 0-14	Total Aged 0-14
Lake Bolac	18	50	68 (+12)	46
Mininera	3	6	9 (+2)	7
Nerrin Nerrin	5	6	11 (-2)	13
Streatham	12	27	39 (+1)	38
Westmere	3	8	11 (+11)	0
Wickliffe	5	14	19 (+1)	18
Willaura	24	37	61 (-31)	92
Woorndoo	13	30	43 (+21)	22
TOTAL	83	159	242 (+6)	236

Type of Childcare Service

An education and care service is any service providing or intended to provide education and care on a regular basis to children under 13 years of age. In Victoria, there are primarily four types of childcare¹, these are summarized below. Based on the peak demand of 47 places on Wednesdays (see Table 3, above), the Pros and Cons of each childcare type are discussed.

Long Day Care

Often called 'Early Learning centres' or 'ELCs'. Primarily aimed at 0–6 year olds but can include OSHC services, and is usually based in a centre. Long day care centres typically operate for at least 8 hours a day on normal working days for a minimum of 48 weeks per year. Approved childcare places are limited by the available indoor and outdoor space. Access to educators may also limit the number of children that can be booked in on any given day, based on the child to educator ratios.

Pros: One suitably sized centre can cater to all of the demand. Based on the Findings from the ACCC Childcare Inquiry, a large centre is more likely to be financially viable than small centres.

Cons: An existing facility does not appear to exist in the Lake Bolac region for this purpose.

Outcome: Optimal Childcare Service Type

Occasional Care

This is similar to Long Day Care except the number of hours per day tend to be less and the booking arrangements are less formal. Occasional care is designed to allow parents to get some rest or exercise, or attend an appointment or job interview. Some occasional care centres do not have a meal service or space for naps as their sessions might typically run for one or 2 hours.

Pros: None identified for this situation.

Cons: This care type is insufficient to meet the demand.

Outcome: Not ideal

Family Day Care

Care is provided in the educator's own home, or other facility, and many providers are parents whose children are older and go to school. Some family day care services are administered as a group through a family day care service. There is a limit of up to 7 children at a time, with no more than 4 children under school age.

Pros: No new facilities required if care can be provided in educator's homes

Cons: 11 new Family Day Care services are required to meet demand. This is unlikely to be achieved.

Outcome: Not ideal

¹ Summarised from the Victorian Government website: <https://www.vic.gov.au/types-child-care>

In-home care

A form of early childhood education and care where an educator, often called a nanny or baby sitter, provides care in the child's home.

Pros: This type of care is flexible and can cater to individual family needs

Cons: Not all families can afford a nanny, and potentially over 40 nannies and babysitters might be needed to meet every family's needs, which is unlikely to be achieved.

Outcome: Not ideal

Facilities & Infrastructure

Review of Sites & Locations

A range of potential locations for a long day care centre were identified based on feedback from the community during the community consultation sessions, stakeholder engagement and a desktop review of Council owned/managed facilities in the Lake Bolac region. Site visits were undertaken where possible to assess the existing conditions of each location. Building sizes were estimated based on aerial images and online spatial tools. Table 5 below provides a summary of the findings.

Table 5. Summary of locations considered and their advantages and disadvantages.

Location	Advantages	Disadvantages
Lake Bolac Recreation Reserve, adjacent existing kindergarten (Overall best location)	<ul style="list-style-type: none"> • Council owned, freehold • Zoned Township • Large greenfield site with access to power, water, sewerage • Close to school, kinder and other community and recreation facilities suitable for excursions 	<ul style="list-style-type: none"> • New building required, however cost may be on par with the cost of extensive renovations to other existing building options.
Lake Bolac P-12 College	<ul style="list-style-type: none"> • Current location of a Family Day Care service • Gallery building could be used for OSHC services during school terms 	<ul style="list-style-type: none"> • Existing Family Day Care building requires extensive renovations to comply with childcare requirements. • College has no other suitable buildings available for a childcare service. • Gallery may not be available to run OSHC services during school holidays
Former Streatham Primary School	<ul style="list-style-type: none"> • Previous educational building 	<ul style="list-style-type: none"> • Existing building is approx. 400m² and requires extensive renovations to comply with childcare requirements. • No other suitable buildings on site for a pre-school aged childcare service.
Streatham Maternal and Child Health building	<ul style="list-style-type: none"> • Under-utilised building 	<ul style="list-style-type: none"> • Building is too small • Property is Zoned Public Use Zone – Local Government
Former Westmere Kindergarten building	<ul style="list-style-type: none"> • Disused building, designed for children 	<ul style="list-style-type: none"> • Building is approx. 280m² would require extensive renovations • Isolated from other services and community facilities
Willaura & District Kindergarten building	<ul style="list-style-type: none"> • Existing facility designed for children 	<ul style="list-style-type: none"> • Building is approx. 180m² and is too small to fit a childcare service in the same building with the kindergarten



Image 5 (above). Lake Bolac Recreation Reserve, land next door to the kindergarten, January 2024.

Infrastructure & Cost Estimates

Childcare centres are required to meet indoor and outdoor space requirements². For the purposes of this aspect of this study, an area schedule for a new childcare centre was estimated based on 65 Licenced Places. Based on this, the minimum required building size would need to be 433m² and the minimum outdoor area would be 500m² (see Table 6).

Table 6. Estimated minimum area schedule based on 65 Licenced Places.

#	Description	Area (m ²)	Comments/Assumptions
1	Unencumbered indoor play space	211.25	Minimum requirement is 3.25m ² per place
2	Passageway or thoroughfare	30	Allow
3	Toilet, nappy & hygiene facilities	60	Allow
4	Area for preparing bottles	10	Allow
5	Cots and baby sleep area	15	Allow
6	Internal storage, cleaners, services	19.75	Allow
7	Staff rooms, amenities & facilities	50	Allow
8	Kitchen	25	Allow
9	Family or allied health meeting room	12	Allow
10	SUB-TOTAL BUILDING AREA	433	
11	Unencumbered outdoor play space	455	Minimum requirement is 7m ² per place
12	Pathways, steps and ramps	15	Allow
13	Outdoor storage shed	15	Allow
14	Fencing and hedging	15	Allow
15	Carparking	-	Excluded. 26 spaces required ³ . Mix of on site and on street parking to be considered
16	SUB-TOTAL OUTDOOR AREA	500	
17	TOTAL AREA SCHEDULE	933	

² Indoor and outdoor space requirements for childcare centres obtained from: <https://www.vic.gov.au/space-requirements-early-childhood-service>

³ As per the Ararat Planning Scheme ordinance 52.06

The cost to renovate an existing building is estimated to be minimum of \$4,000 per m², based on recent actual rates and cost estimates obtained by the Ararat Rural City Council for similar building renovation works. Only the former Streatham Primary School building is potentially large enough (approx. 400m²) to accommodate a childcare centre with 65 Licenced Places, and is estimated to cost a minimum of \$1.6 million for the building works.

Modern modular buildings can provide good quality childcare facilities at relatively low cost. The useful life of modular buildings can also be long lived if they are constructed to a good standard and not relocated. The price range for an affordable new modular childcare centre ranges from \$3540 to \$4,320 per m², which is comparable to the cost of refurbishing an existing building. The estimated cost range for a new 433 modular building ranges from approx. \$1.53 million to \$1.87 million.

The outdoor area at the former school is comparable to a greenfield site, and is therefore expected to be similar in cost to a new centre.

Since the cost to renovate the former primary school is comparable to the cost to construct a new facility, and a new facility can be located at the optimal location near the Lake Bolac P-12 College and existing kindergarten whereas the former primary school is not, preference is given to the construction of a new facility in Lake Bolac.

Workforce

The workforce required is estimated to be a minimum of 10 (headcount) to meet educator:child ratios during the period of highest demand on Wednesdays, this includes 1 additional headcount to allow for staff lunch breaks, etc. An additional person to work as a cook is also expected to be required, as well as additional part time and casuals staff to cover for periods of annual, personal leave, etc.

The National Quality Framework sets out the minimum educator qualification requirements for staff in centre-based services. The centre must have at least 1 bachelor or equivalent qualified Early Childhood Teacher (ECT), and at least 50% of the educators working at any given moment must be diploma level qualified or higher (including the ECT). Staff may be counted if they are considered to be 'actively working towards' this qualification. All other educators must be Certificate 3 level qualified, or 'actively working towards' this qualification. The 10 staff required during the peak period of demand would therefore need to be composed of at least 5 diploma or bachelor qualified staff and 5 Cert 3 staff (or equivalent or 'actively working towards').



Image 6 (above). Community consultation sessions were held in Lake Bolac and surrounding areas, including Streatham, Willaura, Mininera and Wickliffe.

Based on community consultation conversations and a desktop review of the existing local services, the number of the existing early childhood education and care workforce in the Lake Bolac and surrounding areas is estimated to be 7 (headcount). This excludes Lake Bolac P-12 College teachers. Almost all of the existing workforce is predicted to remain in their current roles and would therefore not be available to fill positions made available by a new childcare centre.

Securing the workforce to operate the new centre is an issue that will need to be addressed. However, an analysis of early childhood education and care workforce challenges and solutions is not within the scope of this project. The Ararat Rural City Council have received support from the Victorian Government to undertake this work in a separate project. Please refer to the Council's Engage website⁴ for further information on the Early Childhood Education and Care Workforce Plan.

Feasibility of a New Lake Bolac Childcare Centre

The financial viability of operating a childcare centre in Lake Bolac was tested and this study found that the childcare centre would have a healthy profit margin, based on the information below:

- The demand found in this study
- The rates of childcare fees that local families were able to afford
- The potential cost to build a new centre and the likely expected return on investment as rent/lease costs
- The likely operating expenses of running a centre, including wages, consumables, and professional development and training for staff.

The following assumptions were made in the analysis:

1. That the centre is able to employ the required workforce to meet the educator:child ratio requirements for all children who need care at the times specified by survey respondents.
2. That the Outside of School Hours Care service was located within the childcare centre, and the educator:child ratio requirements were shared with the pre-school aged children.
3. That 2 staff will commence work at 6.15am to turn on and open the centre, and a minimum of 2 staff will be working at any given time between the hours of 6.30am to 6.30pm.
4. That the centre was open all year round, ie not closed over the Christmas/New Year period and that demand remained consistent throughout the year.

Potential childcare providers are encouraged to undertake their own analysis of the financial viability of operating a centre in Lake Bolac, based on the information presented in this study.

⁴ Website link: <https://engage.ararat.vic.gov.au/>

SECTION 5 – COMMITTEE MINUTES/REPORTS

5.1 AUDIT AND RISK COMMITTEE MEETING

AUTHOR'S TITLE: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 14997

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

This report contains the minutes of the Audit and Risk Committee meeting held on 2 April 2024

DISCUSSION

Minutes of Audit and Risk Committee meetings are provided to Council at the first available opportunity after clearance by the Audit and Risk Committee Chairperson. The report contains the Audit and Risk Committee Meeting held on 2 April 2024. This meeting was scheduled for 5 March 2024 however due to bushfires in Pomonal and Bayindeen was postponed until April.

Council Committees	Councillor representative	Current meeting (as presented)	Next scheduled meeting/s
Audit and Risk Committee	Cr Jo Armstrong	02 April 2024	04 June 2024
Audit and Risk Committee	Cr Bob Sanders	02 April 2024	04 June 2024

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

The report supports the strategic objective of the Council Plan 2021-2025:
6 Strong and Effective Governance

Budget Implications

No budget impact for the receiving of minutes.

Policy/Legal/Statutory

Section 53 of the *Local Government Act 2020* states that Council must establish an Audit and Risk Committee.

Section 6.1 of the *Audit and Risk Committee Charter* states that minutes of Committee meetings will be provided to Council at the first available opportunity after clearance by the Committee Chairperson following each Committee meeting.

Risk Assessment

Council needs to be aware of issues raised in the minutes.

Stakeholder Consultation and Communication

Audit and Risk Committee members.
Councillor representation on Council Committees.
Chief Executive Officer and relevant Council officers.

RECOMMENDATION

That

1. *the Audit and Risk Committee Meetings minutes of 02 April 2024 be received*

**MOVED CR R ARMSTRONG
SECONDED CR J ARMSTRONG**

That

1. **the Audit and Risk Committee Meetings minutes of 02 April 2024 be received**

CARRIED 4979/24

ATTACHMENTS

The Audit and Risk Committee minutes as listed above are provided as Attachment 5.1



MINUTES

Audit and Risk Committee

Tuesday 02 April 2024

Location: CEO's Office,
59 Vincent St, Ararat

Commencing at 1:00 pm

Audit and Risk Committee:

Cr Bob Sanders (Mayor)
Cr Jo Armstrong
Ms Jessica Adler
Mr Robert Tommasini
Mr Greg Jakob
Mr Ryan Schischka

In attendance:

Dr Tim Harrison
Mr Bradley Ead
Ms Karissa Hogan
Mrs Chandra Willmott

02 APRIL 2024
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SECTION 1 – PROCEDURAL MATTERS

1.1 APOLOGIES

There were no apologies.

1.2 DECLARATION OF DISCLOSURE OF INTERESTS

Disclosure of Interests are to be made immediately prior to any relevant item being discussed.

1.3 CONFIRMATION OF MINUTES

MOVED JESSICA ADLER
SECONDED ROBERT TOMMASINI

That the Minutes of the Internal Audit and Risk Committee Meeting held on 05 December 2023 be received.

CARRIED

SECTION 2- CEO UPDATE

2.1 CEO UPDATE – CONFIDENTIAL

RECOMMENDATION

That the CEO's report be received.

OUTCOME

That the CEO's report be received.

NOTED

ATTACHMENTS

There are no attachments in relation to this item.

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SECTION 3- FINANCE AND PERFORMANCE REPORTING

3.1 QUARTERLY PERFORMANCE REPORT

Aligns with Audit and Risk Committee Charter 5.6: Review the appropriateness of the format and content of periodic management financial reports and performance statements

RESPONSIBLE OFFICER: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO's OFFICE

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

The financial statements and performance indicators have been prepared for the period ended 31 December 2023.

Based on the information provided by responsible officers and managers Council's overall financial performance is in line with budget. It has been determined that a revised budget is not required at this stage.

DISCUSSION

Council must establish and maintain a budgeting and reporting framework that is consistent with the principles of sound financial management.

Key Financial Information:

Income Statement (Attachment 1)

The Income Statement measures how well Council has performed from an operating nature. It reports revenues and expenditure from the activities and functions undertaken, with the net effect being a surplus or deficit. Capital expenditure is excluded from this statement, as it is reflected in the Balance Sheet.

Attachment 1 shows that Council generated \$20.873 million in revenue and \$17.305 million in expenses to 31 December 2023. This has resulted in an operating surplus of \$3.568 million for the six months ended 31 December 2023.

Income

Rates and charges account for 63% of the total budgeted income for 2023/24. Rates and charges are recognised when the rates have been raised, not when the income has been received. An amount of \$17.527 million has been recognised as income for the six months ended 31 December 2023.

User fees account for 5% of the total budgeted income for 2023/24 and \$0.882 million has been received to 31 December 2023. The majority of this relates to transfer station fees, fitness centre income and commercial waste management charges.

Recurrent Operating Grants total \$0.699 million to 31 December 2023, including \$0.100 million from the Victorian Local Government Grants Commission for general purpose grants and \$0.064 million for the local roads grants.

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Non-recurrent Operating Grants total \$0.812 million to 31 December 2023. Council has been successful in obtaining several grants that had not been budgeted for, as detailed in the table below. The amounts shown as unearned income will be treated as income in future accounting periods once the performance obligations of the grant have been met.

	Budget 2023/24 \$'000	Income 2023/24 \$'000	Unearned Income \$'000
Non-Recurrent Operating Grants			
New Arrivals Settlement Program	-	44	-
Pilot Coordination Grampians Workforce	-	50	-
Ararat Housing Transition	-	-	300
Digital Twin Victoria	-	402	552
Free Public WiFi Services	-	-	1,149
Rural Roads Support Program	-	-	56
Supported Playgroups	63	33	-
Kindergarten Infrastructure and Services Plan (KISP) Support Grant	-	30	-
Power our Future!! Tatyoon Recreation Reserve	-	20	-
Natural Disaster Relief	-	39	-
Planning & Data Development	-	93	-
Wage Subsidy Grants	-	57	-
Other Minor Grants (under \$20,000)	6	44	19
	69	812	2,076

Non-recurrent Capital Grants total \$0.295 million to 31 December 2023, as detailed in the table below. The amounts shown as unearned income will be treated as income in future accounting periods once the performance obligations of the grant have been met.

	Budget 2023/24 \$'000	Income 2023/24 \$'000	Unearned Income \$'000
Non-Recurrent Capital Grants			
Ararat East Development Zone Trunk Infrastructure Project	-	295	124
Local Roads & Community Infrastructure-Roads Grant	-	-	922
	0	295	1,046

Note

It is important to note the following:

1. The Grants Operating (recurrent) figure in the Original Budget was \$7.677 million and in the Current Budget is recorded as \$0.191 million, as \$7.426 million was paid to Council in 2022/23 by the Victorian Local Government Grants Commission (VLGGC) for the 2023/24 financial year. Council has still received the expected VLGGC income, to be spent in 2023/24, however it will be reported over two financial years. Council also received \$0.060 million funding in advance for the Municipal Emergency Response Plan which has also been adjusted in the current budget.
2. Unearned revenue received in prior years has been adjusted between the Original Budget and Current Budget with an additional \$2.593 million for Grants Operating (non-recurrent), \$0.056 million for Grants Capital (recurrent) and \$0.419 million for Grants Capital (non-recurrent) included in the Current Budget on the assumption that each of the grant projects will be completed during the 2023/24 financial year.

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3. These changes in the budget, plus the note reported under expenses, create a change in the reported surplus position from a projected surplus of \$1.296 million to a deficit of \$6.812 million for 2023/24. The year-end variance is a surplus of \$0.162 million when the actual year to date expenses are compared to the year to date budget.

Expenses

Employee Costs account for approximately 41% of the total budgeted expenditure for 2023/24. For the six months ended 31 December 2023 Council has incurred \$6.043 million in employee costs.

Materials and Services account for approximately 29% of the total budgeted expenditure for 2023/24. For the six months ended 31 December 2023, Council has incurred \$6.354 million in materials and services costs. There are a number of projects, including those carried forward from 2022/23 that are expected to be completed before the end of the financial year.

Note

It is important to note the following:

There has been an increase in expenditure on materials and services from \$8.035 million in the Original Budget to \$11.555 million in the Current Budget for 2023/24. This has resulted from a carry forward amount of \$3.520 million from the 2022/23 financial year surplus and unspent grant funds which will be used for additional activity in 2023/24. Additionally, there has been an increase of \$0.170 million in employee costs from \$11.134 million in the Original Budget to \$11,304 million in the Current Budget with some grant-funded projects requiring additional staffing to meet the requirements of the grant.

Balance Sheet (Attachment 2)

The Balance Sheet is one of the main financial statements and reports Council's assets, liabilities and equity at a given date, in this case 31 December 2023. Comparative figures have been provided as at 30 June 2023.

Council's current assets have increased by \$0.287 million from \$24.057 million as at 30 June 2023 to \$24.344 million as at 31 December 2023. Cash and cash equivalents have decreased by \$10.584 million from \$11.457 million to \$0.873 million, with another \$8.000 million held in a term deposit and now classified as a financial asset. Trade and other receivables have increased by \$10.846 million from \$4.509 million as at 31 December 2022 to \$15.355 million as at 31 December 2023.

Total liabilities have increased from \$8.596 million in 2022/23 to \$9.114 million in 2023/24. Trade and other payables have decreased by \$0.396 million and trust funds and deposits have increased by \$0.114 million. Unearned income/revenue increased by \$0.111 million, and includes grants received by Council, where in accordance with accounting standards they are held as a liability until grant-related performance obligations have been met.

Statement of Cash Flows (Attachment 3)

The Statement of Cash Flows shows how changes in the Statement of Financial Position and Income Statement affect Cash and Cash Equivalents, and breaks down the analysis to operating activities, investing activities and financing activities.

The Cash and Cash Equivalents at the beginning of the financial year of \$11.457 million have decreased by \$10.584 million to \$0.873 million as at 31 December 2023. Council has a term deposit of \$8.000 million maturing in early January which is currently classified as a financial asset, and is no longer included in cash and cash equivalents.

Net cash of \$2.750 million was used in operating activities, \$7.682 million was used in investing activities, and \$0.152 million was used in financing activities.

Investing activities includes payments for property, plant and equipment, and infrastructure.

Financial Performance Indicators (Attachment 4)

The Local Government Performance Reporting Framework requires Councils to report various performance indicators at the end of each financial year.

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A full list of financial performance indicators is included in Attachment 4.

Indicator	30/6/2023	30/9/2023	30/12/2023
<p>Working capital <i>Measure - Current assets compared to current liabilities.</i> Expected values in accordance with the Local Government Performance Reporting Framework 100% to 400% Indicator of the broad objective that sufficient working capital is available to pay bills as and when they fall due. High or increasing level of working capital suggests an improvement in liquidity</p>	322%	411%	334%
<p>Loans and borrowings <i>Measure - Loans and borrowings compared to rates.</i> Expected values in accordance with the Local Government Performance Reporting Framework – 0% to 70% Indicator of the broad objective that the level of interest-bearing loans and borrowings should be appropriate to the size and nature of a council's activities. Low or decreasing level of loans and borrowings suggests an improvement in the capacity to meet long term obligations</p>	7.07%	6.85%	6.41%
<p>Indebtedness <i>Measure - Non-current liabilities compared to own source revenue</i> Expected values in accordance with the Local Government Performance Reporting Framework – 2% to 70% Indicator of the broad objective that the level of long-term liabilities should be appropriate to the size and nature of a Council's activities. Low or decreasing level of long-term liabilities suggests an improvement in the capacity to meet long term obligations</p>	5.47%	6.19%	9.58%
<p>Rates concentration <i>Measure - Rates compared to adjusted underlying revenue</i> Expected values in accordance with the Local Government Performance Reporting Framework – 30% to 80% Indicator of the broad objective that revenue should be generated from a range of sources. High or increasing range of revenue sources suggests an improvement in stability</p>	51.46%	92.70%	85.22%
<p>Expenditure level <i>Measure - Expenses per property assessment</i> Expected values in accordance with the Local Government Performance Reporting Framework \$2,000 to \$10,000 Indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of expenditure suggests an improvement in organisational efficiency</p>	\$4,616	\$1,191	\$2,348
<p>Indicator - Revenue level <i>Measure - Average residential rate per residential property assessment</i> Expected values in accordance with the Local Government Performance Reporting Framework - \$700 to \$2,000 Indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of rates suggests an improvement in organisational efficiency</p>	\$2,006	\$2,005	\$2,003
<p>Indicator – Percentage of total rates collected</p>	90.2%	14.9%	31.5%

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<p>The internal audit conducted in 2019 on Rates Revenue and Rate Debtor Management found no routine or regular reporting of large and long outstanding rates debtors. The outstanding Rates Debtors is reported in the Annual Financial report. As at 31 December 2023 the outstanding Rates Debtors totalled \$13.411 million compared to \$1.955 million as at 30 June 2023, an increase of \$11.456 million. In percentage terms 31.5% of the rates raised have been collected at 31 December 2023 compared to 33.1% up to 31 December 2022. Outstanding rates are currently charged 10% interest. Council issues approximately 7,900 rate notices. In 2023/24 there are 2,640 assessments paying by instalments compared with 2,843 assessments in 2022/23.</p>			
<p>Indicator – Asset Renewal & Upgrade <i>Measure - Asset renewal & Upgrade compared to depreciation</i> Expected range in accordance with the Local Government Performance Reporting Framework – 40% to 130% Assessment of whether council assets are being renewed or upgraded as planned. It compares the rate of spending on existing assets through renewing, restoring, replacing or upgrading existing assets with depreciation. Ratios higher than 1.0 indicate there is a lesser risk of insufficient spending on Council’s asset base.</p>	90.93%	103.49%	130.69%

The Local Government Performance Reporting Framework provides “Expected ranges” for each indicator. The framework has been developed to consider results at the end of the financial year so some results during the year are outside the expected range due to the timing of receipts and payments.

Explanations are provided in Attachment 4 for those indicators that are outside the “expected ranges”.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

6 Strong and Effective Governance

We will work hard to build models of governance that place delivering public value at the centre through effective financial management; well measured risk management; and implementation of effective community engagement practices

6.1 Deliver responsible budget outcomes, linked to strategy, that deliver value, innovation, and rating fairness

Budget Implications

Council’s financial performance is in line with expectations. Council’s cash position was expected to reduce in the first half of the year to pay for the outstanding accounts at year end and the capital works program. Lump sum payment of rates are due on 15 February 2024.

Policy/Relevant Law

Section 97 – Quarterly Budget Report of the Local Government Act 2020 states:

- 1 As soon as practicable after the end of each quarter of the financial year, the Chief Executive Officer must ensure that a quarterly budget report is presented to the Council at a Council meeting which is open to the public.
- 2 A quarterly budget report must include—
 - (a) a comparison of the actual and budgeted results to date; and
 - (b) an explanation of any material variations; and
 - (c) any other matters prescribed by the regulations.

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- 3 In addition, the second quarterly report of a financial year must include a statement by the Chief Executive Officer as to whether a revised budget is, or may be, required.

Sustainability Implications

This report does not raise any sustainability implications.

Risk Assessment

Council is required to establish and maintain a budgeting and reporting framework that is consistent with the principles of sound management and this report assists Council in meeting that requirement.

Innovation and Continuous Improvement

The content of the Quarterly report is continually reviewed to ensure meaningful data is provided.

Stakeholder Collaboration and Community Engagement

Council's financial performance reports are published quarterly.

RECOMMENDATION

That the:

Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators for the period ended 31 December 2023 be received and adopted.

OUTCOME

That the:

Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators for the period ended 31 December 2023 be received and adopted.

NOTED

ATTACHMENTS

Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators are provided as Attachment 3.1

ACTION: That a copy of the Quarterly Performance Report for the period ended 31 March 2024 be forwarded to the committee to review prior to the June Audit & Risk Committee meeting.

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SECTION 4 – INTERNAL CONTROLS

4.1 COUNCIL POLICY REVIEW UPDATE

Aligns with Audit and Risk Committee Charter 5.7: Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment.

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

BACKGROUND

Council policies are reviewed on an ongoing and procedure review process.

This report outlines the several Administrative and Council policies which are currently being reviewed.

DISCUSSION

Council has committed to reviewing policies through a review process to ensure that all Council policies meet legislative requirements and established internal processes.

All Council policies are accessible to Councillors, Audit and Risk Committee and staff through Microsoft Teams, hard copies in tearooms at Depot and Municipal Offices and on Council website.

The table below provides a list of the recently reviewed policies, noting the main changes made to the documents. Copies of the policies are provided as an attachment to this report.

Administrative / Council	Policy Title	Last Reviewed and Adopted	Current Review Date ready for Adoption	Next Review
Council	Audit and Risk Committee Charter Main Changes <ul style="list-style-type: none">Change in officers role title	21 July 2020	30 April 2024	December 2025
Council	Election Period Policy 2024 Main changes: <ul style="list-style-type: none">Change in officers role titleChange in dates affecting Election Period	19 November 2019	30 April 2024	October 2027

RECOMMENDATION

That the Council Policy Review Update be received.

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OUTCOME

That the Council Policy Review Update be received.

NOTED

ATTACHMENTS

Draft Audit and Risk Committee Charter and draft Election Period Policy 2024 are provided as attachment 4.1

ACTION: That a copy of the draft Election Period Policy 2024 be forwarded to the committee to review prior to the Policy going to the April Council meeting.

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SECTION 5- RISK MANAGEMENT

5.1 STRATEGIC RISK REGISTER REVIEW AND RISK REGISTER PROGRAM UPDATE

Aligns with Audit and Risk Committee Charter 5.14: Review Council’s risk profile and the changes occurring in the profile from meeting to meeting

BACKGROUND

Council’s Strategic Risk Register is reviewed by the Chief Executive Officer on a regular basis and is presented to the Audit and Risk Committee.

DISCUSSION

The Chief Executive Officer ensures that strategic risks are identified and assessed, treatment options are prioritized and implemented, actions are assigned, and performance is monitored and reviewed.

A review plan of the Strategic Risk Register was presented to the Audit and Risk Committee on the 5 December 2023 and has commenced with the Fraud and Corruption; Cyber Attack and Asset Management being near completed. The bushfires over the past 7 weeks has delayed that completion.

The below table outlines the review periods for each of the strategic risks:

February 2024	Fraud and Corruption; Cyber Attack	July 2024	Legislative Compliance
March 2024	Asset Management	August 2024	Business Continuity
April 2024	Workforce planning	September 2024	Procurement; and Emergency Management
May 2024	Waste Management; and Occupational Health and Safety	October 2024	Financial Sustainability
June 2024	IT Infrastructure	November 2024	Strategic Leadership and Advocacy
July 2024	Governance	December 2024	Climate Change; and Records Management

Once the Risk Program is operational, the Governance and Risk Lead will work with Service owners to review the operational risks and set ongoing review dates. The below table outlines the timeframe for each of these reviews to take place over the next 6 months and training for key service providers in using the system.

Month	Service Area
April	Local Laws, Municipal Building Services, Planning, Environmental Health, Environmental Management and Sustainability
May	Depot, Waste management, Contracts and Procurement, Finance, Property Rates and Valuation,
June	Design and Project Management, Information Technology, Asset Management, Records Management, Graphic Information Systems,
August	Maternal & Child Health, Occupational Health and Safety, Library Service, Events, Human Resource, Customer Services
September	Art Gallery / TAMA, Sport and recreation, Tourism, Town Hall, Media and Communications, Economic Development

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October	Risk Management, Governance, Emergency Management, Insurance Management
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RECOMMENDATION

That the Strategic Risk Review and Update Report be received.

OUTCOME

That the Strategic Risk Review and Update Report be received.

NOTED

ATTACHMENTS

The Strategic Risk Register is provided as Attachment 5.1

ACTION: That the timeframe for the outlined strategic risk review be modified to shift the business continuity forward and to make the risks that are medium to high a priority.

5.2 PRESENTATION OF RISK MANAGEMENT SYSTEM

Aligns with Audit and Risk Committee Charter 5.9: Monitor significant changes to systems and controls to assess whether those changes significantly impact Council's risk profile.

The Risk Management System was presented by Glenn Carman – Organisation Transformation.

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5.3 COUNCIL RISK MANAGEMENT POLICY REVIEW UPDATE

Aligns with Audit and Risk Committee Charter 5.12: Review annually the effectiveness of Council's risk management framework

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

BACKGROUND

Council policies are reviewed on an ongoing and procedure review process.

This report outlines the several Administrative and Council policies which are currently being reviewed.

DISCUSSION

Council has committed to reviewing policies through a review process to ensure that all Council policies meet legislative requirements and established internal processes.

All Council policies are accessible to Councillors, Audit and Risk Committee and staff through Microsoft Teams, hard copies in tearooms at Depot and Municipal Offices. And on Council website.

The table below provides a list of the recently reviewed policies, noting the main changes made to the documents. Copies of the policies are provided as an attachment to this report.

Administrative / Council	Policy Title	Last Reviewed and Adopted	Current Review Date ready for Adoption	Next Review
Council	Risk Management Policy <ul style="list-style-type: none">Update charts	21 September 2021	30 April 2024	December 2025
Council	Risk Management Framework <ul style="list-style-type: none">Updated officer role titleUpdate Risk register system name and removed RelianSysUpdate relevant Acts	21 September 2021	30 April 2024	December 2025

RECOMMENDATION

That the Council Policy Review Update be received.

OUTCOME

That the Council Policy Review Update be received.

NOTED

ATTACHMENTS

Copy of draft Risk Management Policy and draft Risk Management Framework is provided as Attachment 5.3

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SECTION 6- FRAUD PREVENTION

6.1 COUNCIL FRAUD AND CORRUPTION POLICY REVIEW UPDATE

Aligns with Audit and Risk Committee Charter 5.18: Review Council's Fraud Prevention policies and controls, including the Fraud Control Plan and fraud awareness programs

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

BACKGROUND

Council policies are reviewed on an ongoing and procedure review process.

This report outlines the several Administrative and Council policies which are currently being reviewed.

DISCUSSION

Council has committed to reviewing policies through a review process to ensure that all Council policies meet legislative requirements and established internal processes.

All Council policies are accessible to Councillors, Audit and Risk Committee and staff through Microsoft Teams, hard copies in tearooms at Depot and Municipal Offices and on Council website.

The table below provides a list of the recently reviewed Fraud and Corruption Policy and Framework, noting the main changes made to the documents. Copies of the policies are provided as an attachment to this report.

Administrative / Council	Policy Title	Last Reviewed and Adopted	Current Review Date ready for Adoption	Next Review
Council	Fraud and Corruption Control Policy <ul style="list-style-type: none">Change in officers role titleUpdated Australian Standards	28 June 2022	30 April 2024	December 2025
Council	Fraud and Corruption Control Plan <ul style="list-style-type: none">Change in officers role titleUpdated Australian Standards	28 June 2022	30 April 2024	December 2025

RECOMMENDATION

That the Council Policy Review Update be received.

OUTCOME

That the Council Policy Review Update be received.

NOTED

ATTACHMENTS

Copy of the draft Fraud and Corruption Control Policy and the draft Fraud and Corruption Control Plan is provided as Attachment 6.1

SECTION 7- INTERNAL AUDIT

7.1 INTERNAL AUDIT- AUDIT REVIEW OUTCOMES UPDATE

Aligns with Audit and Risk Committee Charter 5.27 Monitor actions by management or internal audit findings and recommendations

BACKGROUND

Council appointed AFS & Associates from Bendigo as Council's Internal Auditors. Council has reviewed the recommendations made by the Internal Auditor in relation to the internal audit reviews and these are presented as an attachment to this report.

DISCUSSION

An Audit Review Outcomes Action Plan was developed to capture the recommendations highlighted in the various internal audits conducted by AFS.

The Audit Review Outcome Action Plan lists the recommendations and subsequent outcomes and projected completion dates.

RECOMMENDATION

The Audit Review Outcomes Update report be received.

OUTCOME

The Audit Review Outcomes Update report be received.

NOTED

ATTACHMENTS

The Audit Review Outcomes Update report is included as Attachment 7.1

ACTION: That when working on the list of outcomes from the internal audits, that there is a focus on the high and moderate ratings.

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7.2 REVIEW AND APPROVED THE STRATEGIC INTERNAL AUDIT PLAN, THE ANNUAL INTERNAL AUDIT PLAN

Aligns with Audit and Risk Committee Charter 5.23 Review progress on delivery of annual internal audit plan and 5.24 Review and approve proposed scopes for each review in the annual internal audit plan

BACKGROUND

AFS & Associates (AFS) are Council's Internal Auditors. This report outlines the audit program that AFS has undertaken over the past three years.

DISCUSSION

AFS & Associates have provided the Internal Audit Program Review document which outlines the forward rolling four-year program for Council.

The purpose of this review is to :

- Confirm the priority areas for 2024 – 2025
- Develop a draft Strategic Internal Audit Program (SIAP), including current status of topics and scopes for approaching topics
- Review the proposed scopes for
 - Asset Management – Infrastructure
 - Customer Request and Complaints Management

RECOMMENDATION

The Strategic Internal Audit Program Status Update report be received.

OUTCOME

The Strategic Internal Audit Program Status Update report be received.

NOTED

ATTACHMENTS

The Strategic Internal Audit Program Status Update report is provided as Attachment 7.2

ACTION: That the MCH internal audit be forward to the committee

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7.3 INTERNAL AUDIT – SERVICES PERFORMANCE – MEASURING, REPORTING AND MONITORING

Aligns with Audit and Risk Committee Charter 5.25 Review reports of internal audit reviews, including recommendations for improvement arising from those reviews.

BACKGROUND

AFS & Associates are Council's Internal Auditors and have recently conducted an audit on Ararat Rural City Council Services Performance.

DISCUSSION

The objective of the review was to of this internal audit was to ensure risks are identified surrounding this function and internal controls are established and applied to appropriately prevent adverse events or respond to them to minimise any associated consequences.

The audit concluded there were 5 areas of strength and 2 areas rated as minor risks. The definition of a minor risk is low likelihood and/or consequence – attention within 12 months.

All recommendations suggested to management have been agreed to. An update on the progress of the agreed to action items will be provided at the April 2024 Audit & Risk Committee meeting.

RECOMMENDATION

That the Service Performance Audit report be received.

OUTCOME

That the Service Performance Audit report be received.

NOTED

ATTACHMENTS

The AFS & Associates Audit of the Service Performance report is provided as Attachment 7.3

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SECTION 8- EXTERNAL AUDIT

8.1 EXTERNAL AUDIT - AUDIT STRATEGY FOR THE FINANCIAL YEAR ENDING 30 JUNE 2024

Aligns with Audit and Risk Committee Charter 5.31 Annually review and approve the external audit scope and plan proposed by the external auditor.

BACKGROUND

The Victoria Auditor General appoints a service provider to undertake the annual financial audit. Mr Ryan Schischka of Johnsons MME has been appointed by the Victoria Auditor-General's office to undertake the annual financial audit for the year ending 30 June 2024.

DISCUSSION

An audit strategy is currently being prepared to communicate to Council the proposed approach to the audit of its Financial Report and Performance Statement for the year ending 30 June 2024.

The Audit Act 1994 requires the Auditor-General to form an opinion on Council's Financial Report and Performance Statement.

When undertaking the financial audit, Section 3A of the Audit Act 1994 requires the Auditor-General to also consider the issues of waste, probity, and the prudent use of public resources.

The Performance Statement contains financial and non-financial data. Financial systems are predominantly established to capture financial data. Part of the audit is to review the systems that Council has in place to capture the financial data and non-financial data to ensure compliance with legislative requirements.

Mr Ryan Schischka of Johnsons MME will attend the meeting remotely to present the draft Audit Strategy

RECOMMENDATION

That Council distribute the audit strategy document to the Audit & Risk Committee members once complete.

OUTCOME

That Council distribute the audit strategy document to the Audit & Risk Committee members once complete.

NOTED

ATTACHMENTS

The draft Audit Strategy Memorandum is provided as Attachment 8.1

ACTION: That the interim audit management letter, and shell financial and performance statements be provided to the June Audit and Risk Committee meeting, along with a report addressing each point in the audit strategy.

SECTION 9- COMPLIANCE

9.1 JLT Public Sector – Top Cyber-Security Controls Review 2023: Ararat Rural City Council

Aligns with Audit and Risk Committee Charter 5.40 Receive reports from management on the findings of any examination by regulatory or integrity agencies.

BACKGROUND

Cyber risk is a highly dynamic environment and has been regularly identified by Local Government CEO's in the annual JLT Public Sector Risk Survey report as a top two risk. JLT Public Sector has created a laser-focused analysis of 12 Key Controls to assist in setting priorities within the Council.

DISCUSSION

There are 12 key controls assessed in which four of them scored greater than 80% meaning the adequate controls are in place across all or most categories of the specified area. While some controls may require attention or development, implementation has been largely achieved to an acceptable level.

Three of the key controls scored between 50-80% referring that, adequate controls are in place across some categories of the specified area. Numerous controls required further attention and priority to achieve an acceptable level of implementation.

The other five key controls rated below 50% suggest that there are inadequate controls in place across all or most categories of the specified area. Significant attention and development are required to achieve acceptable levels of implementation.

Of the 12 key components, 5 were an improvement on last year and by addressing the internal review outcomes, this will improve the overall control scores and cyber safety within Council.

RECOMMENDATION

That the Top Cyber-Security Controls Review report be received.

OUTCOME

That the Top Cyber-Security Controls Review report be received.

NOTED

ATTACHMENTS

JLT Public Sector – Top Cyber-Security Controls Review 2023 report is provided as Attachment 9.1

ACTION: This report is to come back to the June Audit and Risk Committee meeting with a clear report of response

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SECTION 10- GENERAL BUSINESS

10.1 INDUSTRY UPDATE- RECENT REPORTS AND PUBLICATIONS OF INTEREST

BACKGROUND

AFS & Associates (AFS) are Council's Internal Auditors. AFS have provided an Industry Update report to be included in the agenda. The Industry Update report lists recent reports and publications that may be of interest to Ararat Rural City Council.

DISCUSSION

The Industry Update report lists 10 recent articles and reports, covering a range of different topics from sources such as: IBAC, IIA, and VAGO etc.

RECOMMENDATION

That the Industry Update report be received.

OUTCOME

That the Industry Update report be received.

NOTED

ATTACHMENTS

The Industry Update report is provided as Attachment 10.1.

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10.2 VAGO RESULTS OF 2022-23 AUDITS: LOCAL GOVERNMENT

Aligns with Audit and Risk Committee Charter 5.40 Receive reports from management on the findings of any examination by regulatory or integrity agencies.

BACKGROUND

In the past the Victorian Auditor-General (VAGO) prepared a report on Local Government: Results of the previous financial year's audits. In March 2024 VAGO issues a report titled "Results of 2022-23 Audits: Local Government"

DISCUSSION

The report details matters arising from the 2022-23 financial and performance audits of the 79 Councils, 10 regional library corporations and 17 associated entities that make up the local government sector.

The report made 4 recommendations:

1. We recommend that all councils

- Arrange for training or briefing sessions to be held with key internal stakeholders before the 30 June 2024 to enhance their understanding of the financial reporting process and their legislative obligations
- Assess the adequacy of their financial reporting plan given their legislative obligations, namely:
 - Task allocation and timelines
 - The nature and timing of liaison with other business units
 - Quality assurance processes
- Critically assess whether they have the resources and expertise to fulfil their financial reporting obligations throughout the year and, if not, that they consider engaging an external party.

2. We recommend that finance teams:

- Prepare and present a paper to their audit and risk committee prior to 30 June each year that outlines the:
 - Requirements of the council's accounting policy with respect to property, infrastructure assets, plant and equipment
 - Approach to assessing the fair value of each class of property, infrastructure assets, plant and equipment, including the engagement of an expert valuer and key milestones.
 - Likely outcomes for the respective reporting cycle (expected movements in fair value and resultant impact on the financial report)

3. We recommend that the audit and risk committees:

- prior to balance date, review the financial team's accounting paper
- after balance date and at the time of reviewing the draft financial report
 - determine whether there have been any changes to circumstances that would indicate that key assumptions behind the financial team's initial advice and key judgements no longer hold true
 - assess the reasonableness of the valuation and fair value assessment outcomes
- update their annual work plan to include the above tasks.

4. We recommend that councils:

- prioritise and promptly address the internal control and financial reporting issues we raise with them and that their audit and risk committee monitor this
- review the actions and timelines established to resolve internal control weaknesses, with a focus on older and higher risk findings.
- For longer-term action plans, ensure adequate compensating safeguards are in place.

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RECOMMENDATION

That the Results of the 2022-2023 Audit: Local Government report be received.

OUTCOME

That the Results of the 2022-2023 Audit: Local Government report be received.

NOTED

ATTACHMENTS

The Results of the 2022-23 Audit Local Government report is provided as Attachment 10.2

ACTION: Items 2 & 3 of the 2022-2023 Audit: Local Government report need to embedded into the yearly workplan, and a report presented to the June Audit & Risk Committee meeting to address the recommendations.

SECTION 11 – FUTURE MEETINGS

11.1 FUTURE MEETING DATES

Future meetings of the Audit and Risk Committee are scheduled as follows:

- Tuesday 4 June 2024 1pm
- Tuesday 3 September 2024 1pm
- Tuesday 3 December 2024 1pm

SECTION 12- NEXT MEETING/CHARTER ITEMS

April 2024	
Ref. from Charter	
5.10	Annual review to ensure that a program is in place to test compliance with systems and controls
5.11	Assess whether the control environment is consistent with Council's Governance Principles
5.14	Review Council's risk profile and the changes occurring in the profile
5.17	Review the approach to business continuity planning framework
5.18	Annually review Council's Fraud Prevention policies and controls, including the Fraud Control Plan and fraud awareness programs
5.21	Review the Internal Audit Charter regularly
5.22	Review and approve the strategic internal audit plan, the annual internal audit plan
5.23	Quarterly report to review progress on delivery of annual internal audit plan
5.24	Quarterly review and approve proposed scopes in the annual internal audit plan
5.25	Review reports on internal audit reviews, including recommendations for improvement arising from those reviews
5.27	Monitor action by management on internal audit findings and recommendations
5.31	Annually review and approve the external audit scope and plan proposed by the external auditor
5.33	Quarterly review to ensure that managements responses to any external audit findings are acted upon in a timely manner
5.34	Quarterly review Victorian Auditor General's Office (VAGO) reports to assess the impacts on Council

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5.37	Review the systems and processes implemented by Council to monitor compliance with legislation and regulations. Management to report any instances of non-compliance
5.38	Annually review the processes for communicating Council's Employee Code of Conduct to employees and contractors and for monitoring compliance with the Code

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June 2024		
Ref. from Charter		Ref. in Agenda
5.12	Review annually the effectiveness of Council's risk management framework	
5.13	Review Council's risk appetite statement	
5.14	Review Council's risk profile and the changes occurring in the profile	
5.15	Review Council's treatment plans for significant risks	
5.16	Review the insurance program annually prior to renewal	
5.23	Quarterly report to review progress on delivery of annual internal audit plan	
5.24	Quarterly review and approve proposed scopes in the annual internal audit plan	
5.25	Review reports on internal audit reviews, including recommendations for improvement arising from those reviews	
5.26	Meet with the leader of the internal audit function at least annually in the absence of management	
5.27	Monitor action by management on internal audit findings and recommendations	
5.28	Annually review the effectiveness of the internal audit function	
5.33	Quarterly review to ensure that managements responses to any external audit findings are acted upon in a timely manner	
5.34	Quarterly review Victorian Auditor General's Office (VAGO) reports to assess the impacts on Council	

ACTION: To make sure that each Charter refence outlined for each meeting is addressed.

SECTION 6 – INFORMAL MEETINGS

6.1 COUNCIL BRIEFINGS

AUTHOR'S TITLE: CHIEF EXECUTIVE OFFICER
DEPARTMENT: CEO'S OFFICE
REFERENCE: 13039074

OFFICER'S DECLARATION OF INTEREST

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

EXECUTIVE SUMMARY

The Governance Rules state that if there is a meeting of Councillors that:

1. is scheduled or planned for the purpose of discussing the business of *Council* or briefing Councillors;
2. is attended by at least one member of Council staff; and
3. is not a *Council meeting*, *Delegated Committee meeting* or *Community Asset Committee meeting*, the *Chief Executive Officer* must ensure that a summary of the matters discussed at the meeting are:
 - a. tabled at the next convenient *Council meeting*; and
 - b. recorded in the minutes of that *Council meeting*.

DISCUSSION

As a requirement of the Governance Rules, a summary of matters discussed at the Council Briefings held since the last Council Meeting are presented to Council and will be recorded in the minutes.

INFORMAL MEETINGS
Council Briefing held on 09 April 2024

Issues discussed at the briefing:

- 2024/2025 Budget – New initiatives
- Significant economic development project update
- Road surface trials
- Lake Bolac Childcare
- Kindergarten Infrastructure and pre-prep rollout
- Council owned land
- Ararat Fitness Centre renewal challenges
- New afterhours callout process
- Waste Trucks
- Confirm Asset Management integration
- Risk Management Policy and Risk Management Framework
- Fraud and Corruption Policy and Fraud and Corruption Control Plan
- Election Period Policy
- Audit and Risk Committee Charter

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

The report supports the strategic objective of the Council Plan 2021-2025:

- 6.3 Continuously improve Council's community engagement process and practices in line with deliberative engagement practices, while acknowledging the need for a range of different techniques to ensure effective engagement.

Financial

There are no financial impacts for the receiving of Informal Meetings of Councillors.

Policy/Relevant Law

Reporting of Informal Meetings is in line with the requirements of the Governance Rules.

Risk Assessment

Following the requirements of the Governance Rules will ensure that Council meets its legislative requirements.

Stakeholder Collaboration and Community Engagement

A summary of matters discussed at the Council Briefings are presented for community information.

RECOMMENDATION

That

1. *the Informal Meetings of Councillors Report be received.*

MOVED CR R ARMSTRONG

SECONDED CR BEALES

That

1. the Informal Meetings of Councillors Report be received.

CARRIED 4980/24

ATTACHMENTS

The Summary of Council Briefings are provided as Attachment 6.1.

Councillor Briefing



Date: Tuesday 9 April 2024
Commencement: 5.00 pm
Location: Council Chamber, Shire Offices

Present

Councillors: Cr Jo Armstrong
Cr Rob Armstrong
Cr Gwenda Allgood
Cr Peter Beales
Cr Henry Burridge
Cr Bob Sanders

Officers: CEO, Dr Tim Harrison

Apologies: Cr Bill Waterston

Disclosure of Conflict of Interests

Disclosure of Interests are to be made immediately prior to any relevant item being discussed
(Local Government Act 2020 - Section 131 and Chapter 5, Section 6 of the Governance Rules).

Absence from Room			
Item No.	Councillor	Before Discussion	During Discussion
		Yes / No	Yes / No

Matters Considered:

1	Mayor's roundup
2	2024/2025 Budget – New initiatives
3	Significant economic development project update
4	Road surface trials
5	Lake Bolac childcare
6	Kindergarten infrastructure and pre-prep roll out
7	Council owned land
8	Ararat Fitness Centre renewal challenges
9	New afterhours callout process
10	Waste trucks
11	Confirm asset system integration
12	Risk Management Policy and Risk Management Framework, ,
13	Fraud and Corruption Policy and Fraud and Corruption Control Plan
14	Election Period Policy
15	Audit and Risk Committee Charter

Dr Tim Harrison

SECTION 7 – NOTICES OF MOTION

A notice of motion must be in writing signed by a Councillor and be lodged with or sent to the *Chief Executive Officer* no later than 12.00pm (noon) and at least six (6) days prior to the Council Meeting to allow sufficient time for the *Chief Executive Officer* to include the *notice of motion* in agenda papers for a *Council meeting*.

There were no Notice of Motion items received

SECTION 8 – URGENT BUSINESS

Items cannot be admitted as urgent business other than by resolution of *Council* and only then if it:

- 1 relates to or arises out of a matter which has arisen since distribution of the *agenda*; and
- 2 cannot safely or conveniently be deferred until the next *Council meeting*.

There were no Urgent Business items received

SECTION 9 – CLOSE SESSION (CONFIDENTIAL)

In accordance with section 66(2)(a), 3(1) *Confidential Information* (a) of the Local Government Act 2020, the following agenda items are listed for consideration in the confidential section:

- Item 9.1 – Supply and Delivery of Two New Side Loader Waste Trucks

CLOSURE OF COUNCIL MEETING TO THE PUBLIC

The Open Council Meeting will now be closed, but members of the public are welcome to rejoin the Council Meeting following the recommencement of the meeting.

RECOMMENDATION

That the meeting be closed to members of the public pursuant to section 66(2)(a) of the Local Government Act 2020 to consider confidential reports.

**MOVED CR ALLGOOD
SECONDED CR BURRIDGE**

That the meeting be closed to members of the public pursuant to section 66(2)(a) of the Local Government Act 2020 to consider confidential reports.

CARRIED 4981/24

OPEN COUNCIL MEETING RECOMMENCEMENT

RECOMMENDATION

That the Open Council Meeting recommence.

**MOVED CR BEARLES
SECONDED CR R ARMSTRONG**

That the Open Council Meeting recommence.

CARRIED 4983/24

Gallery invited to return to Council Chamber.

LIFTING OF CONFIDENTIALITY OF CLOSED SESSION RESOLUTIONS

RECOMMENDATION

1. *That the confidentiality of the report in relation to 9.1 not be lifted on adoption of the motion*
2. *Decision in relation to 9.1 be lifted on adoption of the motion.*

**MOVED CR BEALES
SECONDED CR J ARMSTRONG**

1. **That the confidentiality of the report in relation to 9.1 not be lifted on adoption of the motion**
2. **Decision in relation to 9.1 be lifted on adoption of the motion.**

CARRIED 4984/24

9.1 SUPPLY AND DELIVERY OF TWO NEW SIDE LOADER WASTE TRUCKS

RECOMMENDATION

That:

1. *Council approve the purchase of two new Isuzu 20m3 Side Loader Waste Compactors from Bucher Municipal via a five-year operational lease with SG Fleet*
2. *The CEO sign the lease documents*
3. *That the confidentiality of the report not be lifted on adoption of the motion and decision be lifted on adoption of the motion.*

MOVED CR BEALES SECONDED CR BURRIDGE

That:

1. Council approve the purchase of two new Isuzu 20m3 Side Loader Waste Compactors from Bucher Municipal via a five-year operational lease with SG Fleet
2. The CEO sign the lease documents
3. That the confidentiality of the report not be lifted of the adoption motion and the decision be lifted on adoption of the motion.

CARRIED 4982/24

I HEREBY CERTIFY THAT PAGES 8514 – 8683 INCLUDING PAGES 670 – 674 OF THE CLOSED SESSION ARE CONFIRMED AND ARE TRUE AND CORRECT RECORD.

MAYOR – CR BOB SANDERS

Meeting closed at 6.49pm