



MINUTES

AUDIT & RISK COMMITTEE MEETING HELD AT
COUNCILLOR BRIEFING ROOM,
THURSDAY 16 SEPTEMBER 2021

The meeting commenced at 9.00 am.

PRESENT Fred Douglas (Chair)
Cr Wayne Limbrick
Cr Marie Martin
Julie Guest
Lisa Ford

IN ATTENDANCE: Clare Keenan Chief Executive Officer
Simon Rennie General Manager Corporate
Amanda Chadwick Manager Governance & Risk
Nancy Mustica Senior Governance Officer
Bradley Ead AFS Accounting
Sean Pye Crowe/VAGO Auditor

1. APOLOGIES

Nil

2. DECLARATION OF ANY CONFLICT OF INTEREST

Nil

3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

MOTION:

LISA FORD / JULIE GUEST

"That the minutes of the Audit & Risk Committee Meeting held on Thursday, 29 July 2021, as prepared, be confirmed."

(CARRIED)

4. BUSINESS ARISING FROM PREVIOUS MEETING

Nil

FILE NO: F13/493
5. TRANSPARENT AND ACCOUNTABLE
GOVERNANCE

ITEM NO: 5.1.1

2020/21 ASSET VALUATIONS - CONCLUSION ON FAIR VALUE

Executive Summary

The Financial Report including the Fair Value of Non-Current Physical Assets is being audited and the external auditors will be available to present their views on these reports to the Audit committee.

The valuation methodology that is recommended in the *Fair Value measurement of non-financial physical assets, Guidance Notes*, published by the Valuer General Victoria 2016, and the Victorian Government's Financial Reporting Direction 103F Non-Financial Physical Assets (June 2015) are being utilised.

Council uses a robust process of asset valuation consistent with previous years. Registered independent valuers are engaged to value some asset classes while experienced and qualified Council infrastructure/engineering staff value others. The Construction and Assets Department manages the valuation of assets.

The separation of duties related to the asset valuation process from the financial management function is a strong control that ensures the independence and integrity of the asset valuation process.

The Council's total fixed assets written down value (WDV) at 30 June 2021 is: \$601.2 million compared to 30 June 2020 WDV of \$584.7million, an increase of \$16.5 million. In summary the significant movements in the increase in WDV of fixed assets are:

- Land specialised (Land under roads) increased by \$1.74 million
- Roads increased by \$2.04 million
- Bridges increased by \$8.18 million
- Kerb and channel increased by \$1.22 million
- Footpaths and cycle ways increased by \$1.59 million
- Drainage increase by \$1.72 million

The increase due to:

Land under roads – driven by increase in general property values;

Roads – increase due to road resealing and gravel road re-sheeting programs and developer contributions to Council, primarily from Everview Rise Estate Cobram and Vineyard Estate and Silverwoods Yarrowonga;

Bridges – during revaluation there was an increase in the unit rate for vehicle bridges offset by a reduction in the unit rate for pedestrian bridges, also contribution of Yarrowonga Tourism Trail boardwalks to Council;

Kerb and Channel, Footpaths and Drainage – increase in valuation driven by developer contributions to Council primarily from Everview Rise Estate Cobram and Vineyard Estate and Silverwoods Yarrowonga.

Within the Financial Report, Note 6.1 details the movements between asset valuations, additions and accumulated depreciation. These figures are taken from the summaries produced from Council's asset register. The asset register is an accurate reflection of Council's assets and their condition.

FILE NO: F13/493
5. TRANSPARENT AND ACCOUNTABLE
GOVERNANCE

ITEM NO: 1.1.1

2020/21 ASSET VALUATIONS - CONCLUSION ON FAIR VALUE (cont'd)

MOTION

CR MARIE MARTIN / LISA FORD

That the Audit Committee note the conclusion reached on the Fair Value of Non-Current physical assets recorded in the 2020/21 financial statements.

(CARRIED)

FILE NO: F
5. TRANSPARENT AND ACCOUNTABLE
GOVERNANCE

ITEM NO: 5.1.2
(SENIOR GOVERNANCE OFFICER, NANCY
MUSTICA)
(GENERAL MANAGER CORPORATE, SIMON
RENNIE)

DRAFT FINANCIAL REPORT AND PERFORMANCE STATEMENT 2020/21

Executive Summary

The draft Financial Report and Performance Statement require certification by two Councillors, the Chief Executive Officer and the Principal Accounting Officer under Section 99(3) of the Local Government Act 2020 to enable them to be included in the 2020/21 Annual Report.

The Financial Report and the Performance Statement have been audited by the Victorian Auditor General's Office. The external auditors will be available to present their views of these reports to the Audit and Risk Committee.

Reports will be ready for signing in their final form after any changes recommended, or agreed to by the Auditor-General have been made, in accordance with Section 98(4) and 98 (5) of the Local Government Act 2020.

The Financial Report for the year ended 30 June 2021 and the Performance Statements for 2020/21 have been prepared in accordance with the Australian Accounting Standards, the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020.

The actual result for 2020/21 represents a surplus of \$14.15 million compared to the adopted budget deficit of \$2.41 million. Overall Council's financial sustainability indicators show Council to be in a satisfactory underlying financial position as at 30 June 2021.

MOTION

CR MARIE MARTIN / LISA FORD

That the Audit Committee note and recommend to Council that:

1. The 2020/21 Financial report and the 2020/21 Performance Statements be included in the 2020/21 Annual Report in accordance with Section 98 of the Local Government Act 2020; and
2. The Mayor Libro Mustica and Deputy Mayor Julie Brooks certify the statements, in conjunction with the Chief Executive Officer and the Principal Accounting Officer, in their final form, and after any changes recommended, or agreed to by the Auditor-General have been made, in accordance with Section 99(3) of the Local Government Act 2020.

(CARRIED)

FILE NO: F
5. TRANSPARENT AND ACCOUNTABLE
GOVERNANCE

ITEM NO: 5.1.3
(SENIOR GOVERNANCE OFFICER, NANCY
MUSTICA)
(GENERAL MANAGER CORPORATE, SIMON
RENNIE)

VAGO CLOSING REPORT 2020/21

The VAGO closing letter and report is attached for consideration.

MOTION

CRS MARIE MARTIN / JULIE GUEST

That the Audit & Risk Committee acknowledge the positive VAGO result and performance for the 2020/21 financial year and congratulates the Finance and Governance departments.

(CARRIED)

MOTION

CRS MARIE MARTIN / WAYNE LIMBRICK

That the Audit and Risk Committee note the VAGO Closing Report 2020/21.

(CARRIED)

FILE NO: VARIOUS

ITEM NO:

GENERAL BUSINESS

1.CEO Update

2.Internal audit program status update – Quarterly Industry Update

MEETING CLOSE: 9.57AM