



Southern Grampians
SHIRE COUNCIL

Audit & Risk Committee Minutes

Ordinary Meeting
21 August 2018

Held at 2.00pm in the
Martin J Hynes Auditorium
3 Market Place, Hamilton

	Outcome Sought	Presenter	Tabled
1. MEMBERSHIP			
Members			
Mr Michael Murphy OAM – Chair	<i>Noting</i>	<i>M Murphy</i>	<i>Verbal</i>
Mr Brian Densem			
Cr Mary Ann Brown – Mayor			
Cr Colin Dunkley			
Attending			
Mr Michael Tudball – Chief Executive Officer			
Ms Evelyn Arnold – Director Community & Corporate Services			
Ms Belinda Johnson – Manager Finance			
Mr Jason Cay – Finance Co-Ordinator			
Mr Chris Kol – McLaren Hunt Financial Group			
Minutes			
Ms Nadine Rhook – Executive Assistant – Director Community & Corporate Services			
2. WELCOME			
3. APOLOGIES			
4. CONFLICT OF INTEREST			
5. CONFIRMATION OF MINUTES			
Confirmation of Minutes: Audit & Risk Committee Meeting – 10 April 2018	<i>Confirmation</i>	<i>Chair</i>	<i>Attachment</i>
Confirmation of Minutes: Special Audit & Risk Committee Meeting – 12 June 2018	<i>Confirmation</i>	<i>Chair</i>	<i>Attachment</i>
6. MATTERS ARISING FROM THE PREVIOUS MINUTES			
Nil			
7. STANDING ITEMS			
7.1 Flood Recovery	<i>Information</i>	<i>M Tudball</i>	<i>Attachment</i>
7.2 Progress Report of Current Actions (Interplan)	<i>Information</i>	<i>E Arnold</i>	<i>Attachment</i>
7.3 Financial Report – Standard Statements	<i>Information</i>	<i>J Cay</i>	<i>Attachment</i>
7.4 Financial Statements – Separation of Flood Works	<i>Information</i>	<i>J Cay</i>	<i>Attachment</i>
7.5 Internal Audit Progress	<i>Information</i>	<i>E Arnold</i>	<i>Attachment</i>
7.6 Reports Released by Other Government Agencies	<i>Information</i>	<i>B Johnson</i>	<i>Verbal</i>

	Outcome Sought	Presenter	Tabled
8. BUSINESS FROM THE ANNUAL SCHEDULE			
8.1 Review Draft Annual Financial Statements, Performance Statement and Government & Management Checklist	<i>Information</i>	<i>C Kol</i>	<i>Attachment</i>
8.2 Review Draft Management Letter and Closing Report	<i>Information</i>	<i>C Kol</i>	<i>Attachment</i>
8.3 Internal Audit Committee Charter	<i>Information</i>	<i>B Johnson</i>	<i>Attachment</i>
9. GENERAL BUSINESS			
10. COMMITTEE IN CAMERA			
11. NEXT MEETING			

1. Attendance

Members

Mr Michael Murphy OAM – Chair
Mr Brian Densem
Cr Colin Dunkley

Officers

Mr Michael Tudball – Chief Executive Officer
Ms Evelyn Arnold – Director Community & Corporate Services
Ms Belinda Johnson – Manager Finance
Mr Jason Cay – Finance Coordinator
Mr Chris Kol – McLaren Hunt Financial Group

Minutes

Mrs Nadine Rhook – Executive Assistant – Director Community & Corporate Services

2. Welcome - Chair

The Chair welcomed everyone to the meeting and thanked all for the work that has been done to date and as a preliminary response things seems very positive and congratulated all.

3. Apologies

Cr Mary Ann Brown – Mayor

4. Conflict of Interest

Mr Mick Murphy – Wannan Water

Mr Brian Densem – Chair of Glenelg Hopkins CMA Audit & Risk Committee

5. Confirmation of Minutes

Minutes of the meeting held on 10 April 2018 have been circulated.

These minutes were approved by the Chair and were presented to Council at the Ordinary Monthly Meeting held on Wednesday 9 May 2018.

Minutes of the special meeting held on 12 June 2018 have been circulated.

These minutes were approved by the Chair and were presented to the Council at the Ordinary Monthly Meeting held on Wednesday 11 July 2018.

RESOLUTION

Moved: Mr Densem

Seconded: Cr Dunkley

That the Minutes of the Ordinary Meeting of the Audit & Risk Committee held on 10 April 2018 be confirmed as a correct record of business transacted.

CARRIED

Moved: Mr Densem

Seconded: Cr Dunkley

That the Minutes of the Ordinary Meeting of the Audit & Risk Committee held on 12 June 2018 be confirmed as a correct record of business transacted.

CARRIED

6. Matters Arising from the Previous Minutes

Nil

7. Standing Items

7.1 Flood Recovery

Author: Michael Tudball
Attachments: Flood Recovery Report

Executive Summary

Mr Tudball will provide a verbal update to the Committee.

ACTION/AGREEMENT

THAT the Committee is to be provided with a Flood Recovery Report/Power Point presentation for the October Agenda and meeting.

THAT the Committee note the verbal report as provided.

NOTED

7.2 2018 Action & Task Report**Author: Belinda Johnson****Attachments: Detailed and Summary Action & Task Report****Executive Summary**

This is a priority report which will be continually monitored and updated and will be discussed at each Audit & Risk Committee meeting.

A copy of the Action & Task Report is presented here for discussion.

ACTION/AGREEMENT

THAT this item be deferred for later discussion at Items 8.1 and 8.2 with Chris Kol from McLaren Hunt Financial Group.

DEFERRED

7.3 Financial Statements

Author: Jason Cay
Attachments: Financial Statements

Executive Summary

Interim Financial reports for the period ended 30 June 2018 are presented for information. This report was presented to Council at its ordinary meeting on 8 August 2018.

ACTION/AGREEMENT

THAT this item be deferred for later discussion at Items 8.1 and 8.2 with Chris Kol from McLaren Hunt Financial Group.

DEFERRED

7.4 Financial Statements – Flood Works

Author: Jason Cay
Attachments: Financial Statements

Executive Summary

The attached financial statements to 30th June 2018 outline the actual and expected income and expenditure from the September 2016 flood event and summarized below;

Actual Expenditure 2016-2017	1,741,393
Actual Expenditure 2017-2018	8,007,158
Forecast Expenditure 2018-2019	15,060,865
Total Expenditure	<u>24,809,496</u>
Actual Income 2016-2017	(4,100,000)
Forecast Income 2017-2018	(3,784,000)
Budgeted Income 2018-2019	<u>(16,684,505)</u>
Total Income	<u>(24,568,505)</u>
Net (Income)/Expenditure Total	<u>240,991</u>

ACTION/AGREEMENT

THAT the Committee receive the Financial Statements report as presented.

RECEIVED

7.5 Internal Audit Progress

Author: Evelyn Arnold
Attachments: Internal Audit Progress

Executive Summary

Ms Arnold will provide a verbal update to the Committee on the Internal Audit Progress for Contract Management and Asset Management.

ACTION/AGREEMENT

THAT the Committee noted the verbal update provided.

THAT Council undertake an annual review of the performance of the Internal Auditors (RSD Audit) now that 12 months has elapsed since their appointment.

THAT The Internal Auditors be informed that they need to provide more detailed information regarding the Internal Audit process and feedback on items being audited.

THAT the Executive, Internal Auditors and Chair of the Audit & Risk Committee need to meet to assess progression of the Internal Audit Plan.

THAT the progression of the completed internal audits (Contract Management and Business Continuity), be discussed more formally at the October meeting.

NOTED

7.6 Government Agencies

Author: Belinda Johnson

Attachments: None

Executive Summary

Many government agencies develop and publish reports which impact on local government. There are three agencies in particular whose reports often directly impact local government. These are:

- Victorian Auditor General's Office (VAGO)
- Independent Broad-based Anti-corruption Commission (IBAC), and
- Victorian Ombudsman

ACTION/AGREEMENT

THAT the Committee acknowledged the reports as presented and acknowledged that some reports may return in more detail in the future, in particular the Inquiry into the sustainability and operational challenges of Victoria's Rural and Regional Councils.

NOTED

8.1 Draft Financial Statements, Performance Statement and Government & Management Checklist

Author: Belinda Johnson
Attachments: Draft Financial Statements, Performance Statement and Government & Management Checklist

Executive Summary

Ms Belinda Johnson presented the above mentioned draft documents to the Audit & Risk Committee to review with the External Auditors and Management, prior to recommending that they be presented to Council for “in principle” support and signed by the Mayor, Deputy Mayor, Chief Executive Officer and Principal Accounting Officer.

Mr Chris Kol answered questions and clarified matters on items requested by the Committee.

ACTION/AGREEMENT

Moved: Mr Densem
Seconded: Cr Dunkley

THAT the Audit & Risk Committee recommends that they support “in principle”:

1. Draft Financial Statements,
2. Draft Performance Statement, and
3. Governance and Management Checklist

be presented to the Ordinary Council meeting on Wednesday 12 September 2018, subject to no material changes.

CARRIED

8.2 Draft Management Letter and Closing Report

Author: Belinda Johnson
Attachments: Circulated at the Meeting

Executive Summary

Following the formal audit process carried out by the Victorian Auditor General's Office Agent, McLaren Hunt, a Final Management Letter and Closing report are prepared for Council.

Mr Chris Kol from McLaren Hunt Financial Group presented the reports and provided a verbal update regarding items that required action.

Mr Kol also answered questions and clarified matters on items requested by the Committee.

ACTION/AGREEMENT

Moved: Mr Densem
Seconded: Cr Dunkley

THAT the Committee acknowledge the reports as presented.

THAT the Committee be presented with a report of the quantum of Annual Leave balances and the advice of the actions being taken to alleviate this matter to the October meeting.

THAT the Committee be provided a more detailed update of the history and plans to resolve the below items at the October Meeting.

- IT Change Management
- Segregation of roles in Civica
- Section 86 Committees

CARRIED

8.3 Internal Audit Charter

Author: Belinda Johnson
Attachments: Internal Audit Charter

Executive Summary

This sets out the operational parameters for the Internal Audit Function. The Charter was last updated in December 2016 with the next review date set as June 2018.

ACTION/AGREEMENT

Moved: Mr Densem
Seconded: Cr Dunkley

THAT the Committee endorse the updated Internal Audit Charter subject to additional minor changes including:

1. Internal Auditors must comply with Australian Auditing Standards
2. Amend 2.2.1 to include access to the CEO
3. Amend Item 7 – para 2 to include performance to be reviewed at least annually.

That these minor changes be circulated to the Committee for endorsement via email.

CARRIED

9. General Business

Nil

10. Committee in Camera

Nil

11. Next Meeting

The next quarterly meeting is scheduled for Tuesday 16 October 2018 commencing at 2.00pm in the Martin J Hynes Auditorium, 3 Market Place, Hamilton.

The Chair thanked all involved for their work for the last year and congratulated all for the progress that has been made to date.

Meeting Closed at 3.12pm
