



**Southern Grampians**  
SHIRE COUNCIL

# Audit & Risk Committee Minutes

Ordinary Meeting  
27 November 2018

Held at 3.00pm in the  
Martin J Hynes Auditorium  
3 Market Place, Hamilton

	Outcome Sought	Presenter	Tabled
<b>1. MEMBERSHIP</b>			
<b>Members</b>	<i>Noting</i>	<i>M Murphy</i>	<i>Verbal</i>
Mr Michael Murphy OAM – Chair			
Mr Brian Densem			
Cr Mary Ann Brown – Mayor			
Cr Colin Dunkley			
<b>Attending</b>			
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 Darren Barber – Manager Organisational Development			
<b>Minutes</b>			
Ms Nadine Rhook – Executive Assistant – Director Community & Corporate Services			
<b>2. WELCOME</b>			
<b>3. APOLOGIES</b>			
<b>4. CONFLICT OF INTEREST</b>			
<b>5. CONFIRMATION OF MINUTES</b>			
Confirmation of Minutes: Audit & Risk Committee meeting – 16 October 2018	<i>Confirmation</i>	<i>Chair</i>	<i>Attachment</i>
<b>6. MATTERS ARISING FROM THE PREVIOUS MINUTES</b>			
<b>7. STANDING ITEMS</b>			
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>B Johnson</i>	<i>Attachment</i>
7.3 Progress Report of Current Actions (Interplan) – Business Continuity Plan	<i>Information</i>	<i>D Barber</i>	<i>Attachment</i>
7.4 Progress Report of Current Actions (Interplan) – Contract Management	<i>Information</i>	<i>B Johnson</i>	<i>Attachment</i>
7.5 Internal Audit Progress – Overall	<i>Information</i>	<i>B Johnson</i>	<i>Report</i>
7.6 Reports Released by Other Government Agencies	<i>Information</i>	<i>B Johnson</i>	<i>Report</i>

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	Outcome Sought	Presenter	Tabled
7.7 Financial Statements – Flood Works	<i>Information</i>	<i>J Cay</i>	<i>Attachment</i>
<b>8. BUSINESS FROM THE ANNUAL SCHEDULE</b>			
8.1 Strategic Risk Register & OSH Report Update	<i>Information</i>	<i>D Barber</i>	<i>Verbal</i>
8.2 Review of Council’s Procurement Policy & Guidelines	<i>Information</i>	<i>J Cay</i>	<i>Attachment</i>
<b>9. GENERAL BUSINESS</b>			
9.1 Internal Audit – Customer Service & Complaints Management - Scope	<i>Decision</i>	<i>L Patterson</i>	<i>Attachment</i>
9.2 Internal Audit – Risk - Scope	<i>Decision</i>	<i>D Barber</i>	<i>Attachment</i>
<b>10. COMMITTEE IN CAMERA</b>			
<b>11. NEXT MEETING</b>			

## 1. Attendance

### Members

Mr Michael Murphy OAM – Chair

Mr Brian Densem

Cr Mary Ann Brown – Mayor

Cr Colin Dunkley

### Officers

Mr Michael Tudball – Chief Executive Officer

Ms Susannah Milne – Acting Director Community & Corporate Services

Ms Belinda Johnson – Manager Finance

Mr Darren Barber – Manager Organisational Development

Mr Lachy Patterson – Manager Community Relations

Mr Andrew Goodsell – Director Planning & Development

### Minutes

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

## 2. Welcome - Chair

The Chair declared the meeting open and welcomed all to the meeting especially to Andrew Goodsell and Susannah Milne and thanked all for the work that had been done in putting the papers and agenda together.

The Chair advised that he presented the ARC Annual Chair Report at the 14 November Briefing Session in Branhholme.

The Chair confirmed that the Internal Audit Scope documents for Customer Service & Complaints Management and Risk Management that were received electronically required endorsement.

*As confirmed with the Chair, Darren Barber is to present his items after the procedural matters – Item 7.3 Progress Report of Current Actions (Interplan) – Business Continuity Plan, Item 8.1 Strategic Risk Register & OHS Report Update and Item 9.2 – Internal Audit – Risk Management Scope due to his attendance at another meeting at 4.00pm. Following this, the meeting dealt with the remaining items in agenda order.*

## 3. Apologies

Ms Evelyn Arnold – Director Community & Corporate Services

Mr Jason Cay – Finance Coordinator

## 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 16 October 2018 have been circulated.

These unconfirmed minutes were presented to Council at the Ordinary Monthly Meeting held on Wednesday 14 November 2018.

### RESOLUTION

**Moved: Mr Densem**

**Seconded: Cr Dunkley**

**THAT** the Minutes of the Ordinary Meeting of the Audit & Risk Committee held on 16 October 2018 be confirmed as a correct record of business transacted.

**THAT** confirmation of Blessing Mendoza's name from RSD Audit was correct as per previous correspondence and the RSD Audit website.

## 6. Matters Arising from the Previous Minutes

Nil

Mr Barber presented his items 7.3 Progress Report of Current Actions (Interplan) – Business Continuity Plan, Item 8.1 Strategic Risk Register & OHS Report Update and Item 9.2 – Internal Audit – Risk Management Scope.

## 7. Standing Items

### 7.1 Flood Recovery

**Author:** Michael Tudball  
**Attachments:** Flood Recovery Report

#### Executive Summary

Mr Tudball provided a verbal update as to the progress of the flood recovery works.

<b>ACTION/AGREEMENT</b>
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**THAT** the Committee note the report and verbal update as provided.

**THAT** Mr Tudball to forward a copy of the brief explaining the relationship and figures between Council and Department of Treasury and Finance and the overall program to the Committee.

**NOTED**

*Mr Barber left the meeting at 3.35pm*

**7.2 2018 Action & Task Report – External Audit**

**Author:** Belinda Johnson  
**Attachments:** Action & Task Summary 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 Summary Report is presented here for discussion.

<b>ACTION/AGREEMENT</b>
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**THAT** Segregation of roles in Civica and Excess Annual Leave Balances items be listed for the February meeting.

**THAT** the Committee note the Audit & Risk Committee 2018 Action & Task Summary Report as presented.

**NOTED**



**7.3 2018 Action & Task Report – Business Continuity****Author: Darren Barber****Attachments: Action & Task Summary Report – Business Continuity Plan****Executive Summary**

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

A copy of the Action & Task Summary Report for the Business Continuity Plan is presented for discussion.

<b>ACTION/AGREEMENT</b>
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**THAT** the Committee note the Audit & Risk Committee 2018 Action & Task Summary Report – Business Continuity Plan as presented.

**NOTED**

**7.4 2018 Action & Task Report – Contract Management****Author: Belinda Johnson****Attachments: Action & Task Summary Report – Contract Management****Executive Summary**

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

A copy of the Action & Task Summary Report for the Contract Management Plan is presented here for discussion.

<b>ACTION/AGREEMENT</b>
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**THAT** the Committee note the Audit & Risk Committee 2018 Action & Task Summary Report – Contract Management Plan as presented.

**NOTED**

*Cr Brown entered the meeting at 3.45pm*

## 7.5 Internal Audit Progress - Overall

**Author:** Belinda Johnson  
**Attachments:** Nil

### Executive Summary

A key priority of Council and the Audit and Risk Committee was the appointment of Internal Auditors. It was seen as a crucial part of the continuous improvement process as well as providing an independent review of key internal controls and procedures.

<b>ACTION/AGREEMENT</b>
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**THAT** the Committee note the verbal update of the Internal Audit Progress.

**THAT** an extra Column be inserted to show a timeframe on the projects that are yet to commence.

**NOTED**

## 7.6 Government Agencies

**Author:** Belinda Johnson  
**Attachments:** Nil

### 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.

<b>ACTION/AGREEMENT</b>
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**THAT** the Committee acknowledges the reports as presented.

**THAT** there be a standing item for the implementation of the compliance component of the new Local Government Act.

**NOTED**

**7.7 Financial Statements – Flood Works**

**Author:** Jason Cay  
**Attachments:** Financial Statements

**Executive Summary**

The attached financial statements to 30th October 2018 outline the actual income and expenditure from the September 2016 flood event and summarised below.

Actual Expenditure 2016-2017	1,726,333
Actual Expenditure 2017-2018	8,009,305
Forecast Expenditure 2018-2019	<u>28,635,832</u>
Total Expenditure	38,371,470
Actual Income 2016-2017	(4,100,000)
Actual Income 2017-2018	(3,784,000)
Forecast Income 2018-2019	<u>(30,398,796)</u>
Total Income	(38,282,796)
Net (Income)/Expenditure Total	88,674

<b>ACTION/AGREEMENT</b>
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**THAT** the Committee note the Financial Statements as presented.

**NOTED**

*Mr Patterson entered the meeting at 3.51pm.*

## 8. Items from the Annual Schedule

### 8.1 Strategic Risk Register & OHS Report

**Author:** Darren Barber  
**Attachments:** Nil

#### Executive Summary

The Strategic Risk Register contains a list of Strategic Risks that Council has identified with controls, residual risk ratings and key indicators for each identified risk area.

<b>ACTION/AGREEMENT</b>
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**THAT** the Committee note the verbal update and that the register and report will be brought to the February meeting.

**NOTED**

**8.2 Review of Council's Procurement Policy & Guidelines**

**Author:** Jason Cay  
**Attachments:** Council's Procurement Policy & Guidelines

**Executive Summary**

The Procurement Policy and Guidelines are required by the Local Government Act to be reviewed on an annual basis. Consultation with stakeholder's occurred in the first half of 2018 and the updated policy and guidelines was adopted by Council at its meeting on August 8th 2018.

<b>ACTION/AGREEMENT</b>
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**THAT** Mr Densem forward his feedback on the Policy & Guidelines to Ms Johnson,

**THAT** this item be held over until the feedback has been considered, then bring back to the February 2019 meeting for endorsement.

**NOTED**

## 9. General Business

### 9.1 Internal Audit – Customer Service & Complaints Management Scope

**Author:** Lachy Patterson

**Attachments:** Customer Service & Complaints Management Scope

#### Executive Summary

A key priority of Council and the Audit and Risk Committee was the appointment of Internal Auditors. It was seen as a crucial part of the continuous improvement process as well as providing an independent review of key internal controls and procedures.

<b>ACTION/AGREEMENT</b>
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**THAT** the Committee formally endorse the Scope for the Customer Service and Complaints Management Review, which was endorsed by an email process out of session.

**Moved:** Mr Densem

**Seconded:** Cr Dunkley

**CARRIED**

*Mr Patterson left the meeting at 4.13pm*



## 9.2 Internal Audit – Risk Management Scope

**Author:** Darren Barber  
**Attachments:** Risk Management Scope

### Executive Summary

A key priority of Council and the Audit and Risk Committee was the appointment of Internal Auditors. It was seen as a crucial part of the continuous improvement process as well as providing an independent review of key internal controls and procedures.

<b>ACTION/AGREEMENT</b>
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**THAT** the Committee formally endorse the Scope for the Risk Management Review, which was endorsed by an email process out of session.

**Moved:** Mr Densem  
**Seconded:** Cr Dunkley

**CARRIED**

*Mr Goodsell left the meeting at 3.20pm*

## 10. Committee in Camera

Nil

## 11. Next Meeting

The next quarterly meeting is scheduled for Tuesday 19 February 2019 commencing at 2.00pm in the Martin J Hynes Auditorium.

As part of General Business, Cr Dunkley enquired if there could be a list of outstanding actions arising from the Committee to be provided at each meeting as part of the Agenda. This item would sit under Item 6 - Matters Arising.

The Chair thanked all involved for their work for the last year and congratulated all for the progress for the year and wished everyone a Happy Christmas and Prosperous New Year.

**Meeting Closed at 4.15pm**