



**Southern Grampians**  
SHIRE COUNCIL

# Audit & Risk Committee Minutes

Ordinary Meeting  
18 February 2020

held at 1.30pm 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>Chair</i>	<i>Verbal</i>
Mr Michael Murphy OAM – Chair			
Mr Brian Densem			
Cr Colin Dunkley – Deputy Mayor			
Cr Katrina Rainsford			
<b>Attending</b>			
Mr Michael Tudball – Chief Executive Officer			
Ms Evelyn Arnold – Director Community & Corporate Services			
Ms Belinda Johnson – Manager Finance			
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>			
5.1 Confirmation of Minutes: Audit & Risk Committee meeting – 18 November 2019	<i>Confirmation</i>	<i>Chair</i>	<i>Attachment</i>
<b>6. MATTERS ARISING FROM THE PREVIOUS MINUTES/ACTION LOG</b>			
6.1 Summary Table of Outstanding Matters	<i>Noting</i>	<i>B Johnson</i>	<i>Attachment</i>
<b>7. EXTERNAL AUDIT</b>			
7.1 External Audit – Progress of Outstanding Items	<i>Noting</i>	<i>B Johnson</i>	<i>Attachment</i>
7.2 Review External Auditors Audit Strategy	<i>Noting</i>	<i>B Johnson</i>	<i>Attachment</i>
<b>8. INTERNAL AUDIT</b>			
8.1 Internal Audit – Overall Progress	<i>Noting</i>	<i>E Arnold /RSD Audit</i>	<i>Attachment</i>
8.2 Internal Audit – Building Maintenance – Final Report	<i>Decision</i>	<i>RSD Audit/R Srivastava</i>	<i>Attachment</i>

8.3 Progress Report of Internal Audit Actions (Interplan) – *Noting* *D Barber* *Attachment*

- Customer Service & Complaints
- Contract Management
- Risk Management
- Waste Management
- Asset Management & Road Maintenance

8.4 Internal Audit Scope *Decision* *D Barber* *Attachment*

8.5 Review Internal Audit Charter *Decision* *E Arnold* *Attachment*

## **9. STANDING ITEMS**

9.1 Standards Statements – Finance Report *Information* *B Johnson* *Attachment*

9.2 Compliance Framework *Noting* *D Barber* *Report*

9.3 OHS Report *Noting* *D Barber* *Attachment*

9.4 VAGO Report – Fraud & Corruption Control – Local Government *Information* *D Barber* *Report*

9.5 Implementation Local Government Act *Information* *D Barber* *Report*

## **10. BUSINESS FROM THE ANNUAL SCHEDULE**

10.1 VAGO, Ombudsman, IBAC Reports *Information* *RSD Audit* *Attachment*

10.2 Risk Management Framework *Information* *K Winderlich* *Attachment*

## **11. GENERAL BUSINESS**

**12. NEXT MEETING** *Information* *Chair* *Verbal*

## **13. COMMITTEE IN CAMERA**

## 1. Attendance

### **Members**

Mr Michael Murphy OAM – Chair  
Mr Brian Densem  
Cr Katrina Rainsford

### **Officers**

Mr Michael Tudball – Chief Executive Officer  
Ms Evelyn Arnold – Director Community & Corporate Services  
Ms Belinda Johnson – Manager Finance  
Mr Darren Barber – Manager Organisational Development  
Mr Rohit Srivastava – Manager Works  
Ms Kara Winderlich – Risk Management Officer

### **Minutes**

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

### **Guest**

Mr Chris Kol – Partner - McLaren Hunt Financial Group  
Mr Aaron Cuthbert – RSD Audit  
Mr Mahesh Silva – RSD Audit

## 2. Welcome - Chair

Welcome to all especially to Cr Katrina Rainsford who is attending this meeting for the first time, and for volunteering for the role. The Chair asked Cr Rainsford to ask for clarity if needed.

The Chair would like to acknowledge the work of Cr Mary-Ann Brown who was committed to the work in the Committee which was greatly appreciated.

Welcome to Mr Chris Kol from McLaren Hunt Financial Group and Mr Aaron Cuthbert and Mr Mahesh Silva from RSD Audit.

The Chair thanked all for their work involved in putting this Agenda together.

The Chair received the Council Report and Resolution in regards to Mr Brian Densem's External Member Re-Appointment and will acknowledge this at Item 11 – General Business - Item 11.1 – non material conflict of interest.

## 3. Apologies

Cr Colin Dunkley - Deputy Mayor  
Ms Kathie Teasdale – RSD Audit

## 4. Conflict of Interest

Mr Mick Murphy – Wannan Water  
Mr Brian Densem – Chair of Glenelg Hopkins CMA Audit & Risk Committee  
Mr Aaron Cuthbert & Mr Mahesh Silva - RSD Audit - Item 8.4 – Internal Audit Scope

## 5. Confirmation of Minutes

Minutes of the meeting held on 12 November 2019 have been circulated.

These unconfirmed minutes will be presented to Council at the Ordinary Monthly Meeting held on Wednesday 11 December 2019.

<b>RECOMMENDATION</b>
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That the Minutes of the Ordinary Meeting of the Audit & Risk Committee held on 12 November 2019 be confirmed as a correct record of business transacted.

**Moved: Mr Densem**

**Seconded: Mr Murphy**

**CARRIED**

**Item 6.1 Summary Table of Outstanding Matters**

**Author: Belinda Johnson**  
**Attachments: Summary Table of Outstanding Matters**

**RECOMMENDATION**

**THAT** this item be noted and items noted as “Close” be removed from the listing.

**NOTED**

**Item 7.1 External Audit - Progress Report of Current Actions**

**Author: Belinda Johnson**  
**Attachments: Progress Report of Current Actions - External Audit – Interplan**

**RECOMMENDATION**

**THAT** the Committee note the Progress of Current Actions.

The External Auditors advised there are a few issues that relate to Infrastructure. Because Infrastructure is a significant number within the balance sheet, and because of the works that has happened over the last few years and the length of time it has gone on, there is greater emphasis on the condition assessment and unit rate assessment as at 30 June 2020. Rehabilitation of the Quarry and Landfills are also large numbers within the balance sheet. A bit of work needs to be done on these areas.

The External Auditors would like to gain assurance that the organisation is comfortable with the work done around the numbers and are accurate come 30 June 2020.

**NOTED**

**Item 7.2 Review External Auditors Draft Audit Strategy 2020**

**Author: Belinda Johnson**  
**Attachments: Draft Audit Strategy 2020**

**RECOMMENDATION**

Mr Kol also spoke to the Draft Strategy.

**THAT** the 2019/20 Audit Strategy be noted.

**NOTED**

*Mr Srivastava entered the meeting at 1.44pm*

**Item 8.1 Internal Audit Progress - Overall**

**Author:** Evelyn Arnold  
**Attachments:** Internal Audit Updates & Timeframes

**RECOMMENDATION**

**THAT** the Committee note the update of the Internal Audit Progress.

**NOTED****Item 8.2 Internal Audit – Building Maintenance – Final Report**

**Author:** Rohit Srivastava  
**Attachments:** Building Maintenance – Final Report

**ACTION/RECOMMENDATION**

**ACTION:** that the tasks outlined be entered into Interplan for monitoring and reporting.

**THAT** the Committee receive the Building Maintenance – Final Report.

**Moved:** Mr Densem  
**Seconded:** Cr Rainsford

**CARRIED**

*Mr Srivastava left the meeting at 2.05pm*

**Item 8.3 Progress Report of Internal Audit Actions (Interplan)**

**Author:** Darren Barber  
**Attachments:** Interplan Reports - Various

**ACTION/RECOMMENDATION**

**THAT** the Committee note the attached Interplan reports for the following:

- Customer Service & Complaints
- Contract Management.
- Risk Management
- Waste Management
- Asset Management & Road Maintenance

**ACTION:** Take Question on Notice regarding Waste Management – 9.1 Policies and Procedures - Item 4.3.1.2 Internal Audit – Waste Management Manual. Request an explanation as to why the progress has stalled within the last 6 months. Response to be circulated with the minutes.

**NOTED**

*Mr Cuthbert and Mr Silva - RSD Audit left the meeting at 2.11pm*

**Item 8.4 Internal Audit Scope**

**Author: Darren Barber**  
**Attachments: Internal Audit Scope**

**RECOMMENDATION**

**THAT** the Committee endorse the attached specifications for council's internal audit services ready for the tendering process to commence in February 2020.

**Moved: Mr Densem**  
**Seconded: Cr Rainsford**

**CARRIED**

**Item 8.5 Review Internal Audit Charter**

**Author: Evelyn Arnold**  
**Attachments: Internal Audit Charter**

**RECOMMENDATION**

**THAT** the Committee endorse the attached Internal Audit Charter to enable the tendering process to commence in February 2020.

**Moved: Mr Densem**  
**Seconded: Cr Rainsford**

**CARRIED**

*Mr Cuthbert and Mr Silva - RSD Audit returned to the meeting at 2.31pm*

**Item 9.1 Standard Statements – Finance Report**

**Author: Belinda Johnson**  
**Attachments: Standard Statements**

**RECOMMENDATION**

**THAT** the Committee note the Finance Reports as at 30 September 2019 and 31 December 2019, as presented.

**NOTED**



**Item 9.2 Compliance Framework**

**Author:** Karly Saunders  
**Attachments:** Nil

**ACTION/RECOMMENDATION**

**THAT** the Committee note the update on the Compliance Framework.

**ACTION:** As per the recommendation from the ARC November 2019 meeting, the Committee discussed reporting, and agreed it should be on the basis of exception, and noted the CEO would attest compliance on an annual basis.

**ACTION:** Circulate the Compliance Framework to Cr Rainsford for her information. **NOTED**

**Item 9.3 OHS Report**

**Author:** Mike Shanahan  
**Attachments:** OHS Report

**RECOMMENDATION**

**THAT** the committee accept the attached report for noting.

**NOTED**

**Item 9.4 VAGO Report – Fraud and Corruption Control - Local Government**

**Author:** Karly Saunders  
**Attachments:** VAGO Report – Fraud and Corruption Control – Local Government

**ACTION/RECOMMENDATION**

**THAT** this item be noted.

**ACTION:** Ask the Executive to look at the recommendations from the VAGO Report to see if there is any action that needs to be taken as an organisation in terms of the work the ARC Committee does.

**NOTED**

*Ms Winderlich entered the meeting at 2.50pm*

**Item 9.5 Implementation of Local Government Act**

**Author:** Karly Saunders  
**Attachments:** Nil

**RECOMMENDATION**

**THAT** this item be noted.

**NOTED**

**Item 10.1 VAGO, Ombudsman, IBAC Reports**

**Author:** RSD Audit  
**Attachments:** VAGO, Ombudsman & IBAC Reports

**RECOMMENDATION**

**THAT** the Committee note the recent reports and publications by Government Agencies and other sources that may impact on public sector agencies.

**NOTED**

**Item 10.2 Risk Management Framework**

**Author:** Kara Winderlich  
**Attachments:** Risk Management Framework

**ACTION/RECOMMENDATION**

**THAT** the Committee note the SGSC Risk Management Framework.

**ACTION:** Add to Council's Roles etc at 5.2 of the Risk Management Framework as a third dot point – Set Risk Appetite.

**NOTED**

*Ms Winderlich left the meeting at 3.02pm*

## 11. General Business

### Item 11.1 Reappointment of External Member – ARC Committee

<b>RECOMMENDATION</b>
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**THAT** the Committee note the re-appointment of Mr Brian Densem as External Member of the ARC Committee until 12 March 2023 – non material conflict of interest.

**NOTED**

## 12. Next Meeting

The next meeting quarterly meeting is scheduled for Thursday 21 May 2020 commencing at 1.30pm in the Martin J Hynes Auditorium.

Meeting closed at 3.02pm

## 13. Committee in Camera