



Southern Grampians
SHIRE COUNCIL

Audit & Risk Committee Minutes

Ordinary Meeting
21 May 2020

Held at 1.30pm
via Microsoft Teams Meeting
- Teleconference

	Outcome Sought	Presenter	Tabled
1. MEMBERSHIP			
Members	<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			
Attending			
Mr Michael Tudball – Chief Executive Officer			
Ms Evelyn Arnold – Director Community & Corporate Services			
Ms Belinda Johnson – Manager Finance			
Mr Darren Barber – Manager Organisational Development			
Minutes			
Ms Nadine Rhook – Executive Assistant – Director Community & Corporate Services			
2. WELCOME			
3. APOLOGIES			
4. CONFLICT OF INTEREST			
5. CONFIRMATION OF MINUTES			
5.1 Confirmation of Minutes: Audit & Risk Committee meeting – 18 February 2020	<i>Confirmation</i>	<i>Chair</i>	<i>Attachment</i>
6. COMMITTEE IN CAMERA			
7. EXTERNAL AUDIT			
7.1 External Audit – Progress of Outstanding Items	<i>Noting</i>	<i>B Johnson</i>	<i>Attachment</i>
7.2 External Audit – Amended Audit Strategy and Review of Interim Management Letter	<i>Noting</i>	<i>B Johnson</i>	<i>Attachment</i>
8. INTERNAL AUDIT			
8.1 Internal Audit – Overall Progress	<i>Noting</i>	<i>E Arnold /RSD Audit</i>	<i>Attachment</i>
8.2 Internal Audit – Procurement – Final Report	<i>Decision</i>	<i>B Johnson /RSD Audit</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
- Building Maintenance

8.4 Appointment of Internal Auditor – Status Update *Information* *D Barber* *Verbal*

9. MATTERS ARISING FROM THE PREVIOUS MINUTES/ACTION LOG

9.1 Summary Table of Outstanding Matters *Noting* *B Johnson* *Attachment*

10. STANDING ITEMS

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

10.2 Compliance Framework *Noting* *K Saunders* *Report*

10.3 OHS Report *Noting* *D Barber* *Attachment*

10.4 VAGO Report – Fraud & Corruption Control – Local Government *Information* *K Saunders* *Report*

10.5 Implementation Local Government Act *Information* *K Saunders* *Report*

11. BUSINESS FROM THE ANNUAL SCHEDULE

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

11.2 Draft Budget Documents, Strategic Resource Plan & Pricing Register *Information* *B Johnson* *Attachment*

12. GENERAL BUSINESS

12.1 COVID-19 Update *Information* *M Tudball* *Verbal*

12.2 Councillors Expense Policy *Information* *K Saunders* *Attachment*

12.3 Audit & Risk Committee Charter *Information* *K Saunders* *Attachment*

13. NEXT MEETING *Information* *Chair* *Verbal*

1. Attendance

Members

Mr Michael Murphy OAM – Chair
Mr Brian Densem
Cr Colin Dunkley – Deputy Mayor
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
Ms Karly Saunders – Governance Coordinator

Minutes

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

Guest

Mr Chris Kol – Partner - McLaren Hunt Financial Group
Ms Kathie Teasdale – RSD Audit

2. Welcome - Chair

The meeting started at the earlier time at 1.22pm

The Chair welcomed all to the meeting and to the new age of technology of having this meeting online. Ms Saunders wasn't listed as attending but will present all of the Governance items. Welcome to Ms Teasdale from RSD Audit and Mr Kol from McLaren Hunt Financial Group. Congratulations to Mr Kol on the appointment Rural and Regional Chair for the CPA and wished him well in the role. The Chair discussed some protocols around using the video/teleconference functions. The External and Internal Audit matters will be dealt with first following the In Camera session.

3. Apologies

Nil

Cr Dunkley had some technical issues with Teams and could not hear the group, Ms Rhook organised for IT to assist.

4. Conflict of Interest

Mr Mick Murphy – Wannan Water
Mr Brian Densem – Chair of Glenelg Hopkins CMA Audit & Risk Committee
Ms Kathie Teasdale – recorded a material conflict of Item 8.4 – Appointment of Internal Auditor – Status Update in the ARC Agenda

5. Confirmation of Minutes

Minutes of the meeting held on 18 February 2020 have been circulated.

These unconfirmed minutes were presented to Council at the Ordinary Monthly Meeting held on Wednesday 11 March 2020.

RECOMMENDATION

That the Minutes of the Ordinary Meeting of the Audit & Risk Committee held on 18 February 2020 be confirmed as a correct record of business transacted.

Moved: Mr Densem

Seconded: Cr Rainsford

CARRIED

6. Committee in Camera

Mr Tudball, Ms Arnold, Ms Johnson, Mr Barber and Ms Rhook left the meeting at 1.27pm and returned to the meeting at 1.36pm.

Ms Saunders entered the meeting at 1.36pm.

Cr Dunkley was unable to join the meeting until 1.36pm

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.

Moved: Mr Densem
Seconded: Cr Rainsford

CARRIED

Item 7.2 Review Interim Management Letter

Author: Belinda Johnson
Attachments: Amended Audit Strategy and Interim Management Letter

RECOMMENDATION

THAT the Committee acknowledge the Amended Audit Strategy and Interim Management Letter as presented.

Mr Kol had a meeting last week with the Victorian Auditor General’s Office (VAGO) and they indicated there was going to be an extension of time for Local Government to table their Annual Reports into November 2020. They also indicated that they would probably be reviewing the material entities in August/early September and then other entities beyond that.

Mr Kol will have a further discussions with the Local Government Director at VAGO to see what the plans are in terms of reviewing files to provide a clearer indication of what the turnaround time will be. This will be provided to Council when able to assist with adjusting Council’s timeframes, if necessary.

If the files are not reviewed in a timely manner, there will be an expected indicative approval of the financial statements pending no material change. VAGO will have shorter time frames to approve these documents.

Moved: Cr Rainsford
Seconded: Mr Densem

CARRIED

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.

ACTION: Update the 'Date Complete' column on the Updated Audit & Timeframes spreadsheet and re-circulate to the Committee.

Moved: Cr Dunkley
Seconded: Mr Densem

CARRIED

Item 8.2 Internal Audit – Procurement – Final Report

Author: Belinda Johnson
Attachments: Procurement – Final Report

RECOMMENDATION

THAT the Committee endorse the Procurement – Final Report.

THAT the tasks outlined be entered into Interplan for monitoring and reporting.

Moved: Cr Rainsford
Seconded: Cr Dunkley

CARRIED

Item 8.3 Progress Report of Internal Audit Actions (Interplan)

Author: Darren Barber
Attachments: Interplan Reports - Various

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
- Building Maintenance

ACTION: The Chair requested a more comprehensive summary of items that are current. Ms Arnold, Mr Barber and Ms Johnson to discuss and provide updated reports of current items at the next meeting.

ACTION: Include a Risk Rating for the current actions into the Interplan Reports to highlight these.

Moved: Mr Densem
Seconded: Cr Dunkley

CARRIED

Ms Teasdale recorded a material conflict and left the meeting at 2.20pm

Item 8.4 Appointment of Internal Auditor – Status Update

Author: Darren Barber
Attachments: Nil

RECOMMENDATION

ACTION: The Chairman of the Audit & Risk Committee to be involved in the assessment of the tenders, and provide the Committee with a shortlist of tenders identifying the top three tenders.

The Chairman will review the tender evaluation and endorse the shortlist. The three (3) firms would be invited to present to the Audit & Risk Committee. The Committee would then make a selection and provide a recommendation to Council.

THAT the Audit and Risk Committee acknowledge the verbal update provided by Mr Barber.

THAT the Committee endorse the selection of Internal Auditor as identified in the meeting.

Moved: Mr Densem
Seconded: Cr Rainsford

CARRIED

Everyone left the meeting at 2.30pm for a short break. All returned to the meeting at 2.33pm except for Mr Kol who did not return.

Item 9.1 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.

Moved: Mr Densem
Seconded: Cr Dunkley

CARRIED

Ms Teasdale returned to the meeting at 2.35pm

Item 10.1 Standard Statements – Finance Report

Author: Belinda Johnson
Attachments: Standard Statements

RECOMMENDATION

THAT the Committee note the Finance Reports as at 31 March 2020, as presented.

Moved: Cr Dunkley
Seconded: Mr Densem

CARRIED

Item 10.2 Compliance Framework

Author: Karly Saunders
Attachments: Nil

RECOMMENDATION

THAT the Committee note the update on the Compliance Framework.

Moved: Cr Rainsford
Seconded: Mr Densem

CARRIED

Item 10.3 OHS Report

Author: Mike Shanahan

Attachments: OHS Report

RECOMMENDATION

THAT the Committee note the attached report.

ACTION: To ensure the summary report contains a description of the highlighted topic to be discussed at the meeting to allow the Committee to focus on these points.

Moved: Mr Densem

Seconded: Cr Dunkley

CARRIED

Item 10.4 VAGO Report – Fraud and Corruption Control - Local Government

Author: Karly Saunders

Attachments: VAGO Report – Fraud and Corruption Control - Local Government

RECOMMENDATION

THAT this item be noted.

Moved: Mr Densem

Seconded: Cr Rainsford

CARRIED

Item 10.5 Implementation of Local Government Act

Author: Karly Saunders

Attachments: Local Government Act 2020 Project Plan

RECOMMENDATION

THAT this item be noted.

Moved: Cr Rainsford

Seconded: Cr Dunkley

CARRIED

Item 11.1 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.

Moved: Mr Densem
Seconded: Cr Dunkley

CARRIED

Item 11.2 Review Draft Budget Documents, SRP & Pricing Register

Author: Belinda Johnson
Attachments: Draft Budget Documents, SRP & Pricing Register (including Confidential Items)

RECOMMENDATION

THAT the Committee note the attached documents.

Moved: Cr Dunkley
Seconded: Mr Densem

CARRIED

Item 12.1 COVID-19 Update

Author: Darren Barber
Attachments: Nil

RECOMMENDATION

THAT the Committee acknowledge the verbal update provided by Mr Tudball.

Moved: Mr Densem
Seconded: Cr Rainsford

CARRIED

Item 12.2 Expenses Policy

Author: Karly Saunders
Attachments: Expenses Policy

RECOMMENDATION

THAT the Committee note the updated Expenses Policy.

ACTION: to include the Expenses Policy relatively early in considering the new audit plan.

Moved: Mr Densem
Seconded: Cr Dunkley

CARRIED

Item 12.3 Audit & Risk Committee Charter

Author: Karly Saunders
Attachments: Audit & Risk Committee Charter, Extracts of Local Government Act 2020 and Overview of Changes

RECOMMENDATION

THAT the Committee note the updated Audit and Risk Charter.

ACTION: Update the quorum of the Charter to three (3) Members, of which two (2) must be Independent Members. Also insert a description/definition of what an Independent Member is. When recruiting the new independent member, look at the expiry dates of both Mr Murphy & Mr Densem and arrive at an expiry date through a rotation policy.

The Committee discussed the possibility of adding the Internal Auditing procurement process in the charter, however decided to develop a separate procedure for this function.

Moved: Mr Densem
Seconded: Cr Dunkley

CARRIED

The Chair thanked Ms Teasdale and RSD Audit for their work with the Committee as their term is coming to expire. RSD Audit have set a very good standard and contributed significantly to addressing matters that would fulfil the role in the long term. Members endorsed the work of RSD Audit.

With regards to Mr Kol's comments around the Auditor General's Office and the other challenges, the Chair asked that the Committee be flexible if possible with regard to meeting dates, and that Council advise the Committee of dates to be able to recommend the documents in a timely manner to assist in this.

13. Next Meeting

The next meeting quarterly meeting is scheduled for Tuesday 1 September 2020 commencing at 1.30pm in the Martin J Hynes Auditorium.

Meeting closed at 4.00pm.