



Southern Grampians
SHIRE COUNCIL

Audit & Risk Committee Minutes

Ordinary Meeting
13 September 2022

Held at 1.30pm in
Martin J Hynes Auditorium/Teams

1. Attendance

Members

Mr Brian Densem - Chair
Mr Michael Murphy OAM
Ms Aisling Cunningham
Cr David Robertson (Deputy Mayor)
Cr Helen Henry

Officers

Mr Tony Doyle – Chief Executive Officer
Ms Belinda Johnson – Acting Director Community & Corporate Services
Mr Jason Cay – Financial Sustainability Coordinator
Ms Tahlia Homes – Manager Organisational Development
Mr Kevin Leddin – Acting Manager Finance

Minutes

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

Guests

Ms Cassandra Gravenall – Crowe Audit Australia
Mr Hadyn Greer – Crowe Audit Australia
Ms Kathie Teasdale – RSD Audit
Mr Paul Harrison – RSD Audit
Mr Russell Bennett – Manager Business Systems

2. Committee in Camera

Mr Brian Densem, Mr Mick Murphy, Cr David Robertson, Cr Helen Henry, Ms Aisling Cunningham joined the meeting in person at 1.30pm. Ms Kathie Teasdale and Ms Cassandra Gravenall joined the meeting virtually at 1.30pm.

The External and Internal Auditors both provided a brief precise of the conduct of their recent work, confirming full assistance from Management.

Mr Tony Doyle, Ms Belinda Johnson, Mr Jason Cay, Mr Kevin Leddin, Ms Nadine Rhook all joined the meeting in person at 1.40pm following the Committee in Camera.

3. Welcome – Chair

The Chair welcomed all to the meeting and thanked everyone for attending. Also welcomed Kevin Leddin, Acting Manager Finance to his first ARC Meeting.

4. Apologies

Ms Tahlia Homes – Manager Organisational Development

5. Conflict of Interest

Mr Brian Densem – Chair of Glenelg Hopkins CMA Audit & Risk Committee
Mr Mick Murphy – Wannan Water
Ms Aisling Cunningham – Quality Manager of Western District Health Service

Cr David Robertson – Item 12.1 – Councillor Expenses

Cr Helen Henry – Item 12.1 – Councillor Expenses

6. Confirmation of Minutes

This meeting was originally scheduled for 17 May 2022 but due to technical issues the meeting did not proceed and was cancelled. The meeting was rescheduled to 14 June 2022.

The minutes of the meeting held on 14 June 2022 have been circulated.

These unconfirmed minutes were presented to Council at the Ordinary Monthly Meeting held on Wednesday 10 August 2022.

RECOMMENDATION

That the Minutes of the Ordinary Meeting of the Audit & Risk Committee held on 14 June 2022 be confirmed as a correct record of business transacted.

Moved: Mr Murphy

Seconded: Cr Henry

CARRIED

Item 6.2 Governance & Risk Management Disclosures

Author: Tony Doyle, Chief Executive Officer

Attachments: Nil

RECOMMENDATION

THAT the Committee note the Internal Auditor and Chief Executive Officer responses to the questions asked by the Audit & Risk Committee Chair.

Chair to CEO:

- Are there any matters such as breaches of legislation, impending legal action, practices, or actual suspected fraud occurrences that have occurred within the organisation since the last meeting that need to be brought to the attention of the Committee? **CEO's Answer - No**
- Are there any conflict of interest matters that need to be brought to the attention of the Committee? **CEO's Answer - No**

Item 6.3 Summary Table of Outstanding Matters

Author: Belinda Johnson, A/Director Community & Corporate Services

Attachments: Summary Table of Outstanding Matters

RECOMMENDATION/ACTION

THAT this item be noted and items noted as "Close" be removed from the listing.

THAT the CEO and Acting Director Community & Corporate Services review the ARC Charter.

THAT the CEO to discuss the External members' fee structure with Council and then advertise as soon as possible.

THAT ARC and the Councillors actively seek to encourage potential replacements to apply as Mr Murphy's term expires on 13 March 2023 and he will not be extended. Mr Densem's term also expires on 12 March 2023 and has indicated he would like to extend his membership and term as Chair.

NOTED

Item 7.1 External Audit - Progress Report of Current Actions

Author: Jason Cay – Acting Financial Sustainability Coordinator
Attachments: Progress Report of Current Actions - External Audit

RECOMMENDATION

THAT the Committee note the Progress of Current Actions.

NOTED

Item 7.2 Review Draft Financial Statements, Performance Statement and Governance & Management Checklist

Author: Jason Cay, Acting Financial Sustainability Coordinator
Attachments: Draft Financial Statements, Draft Performance Statement, Draft Governance & Management Checklist

RECOMMENDATION

THAT the Committee recommend the reports (incorporating any requested changes from both the external auditors and Victorian Auditor General's Office) as by the Local Government Act 2022 and reporting regulations that they be approved in-principle' to Council.

THAT a copy of the representation letter signed by the CEO and Acting Director Community & Corporate Services be provided to the Audit & Risk Committee at the November ARC Meeting.

THAT the Governance & Management Checklist will be removed from this item and will now be provided in an update in the Local Government Performance Reporting Framework which will be presented to the Committee and Council at a later date.

THAT the External Auditors proposed that the recommendation include that Council recommends 'in-principle 'subject to material change by the Auditor General's office.

THAT the Chair wanted comfort from the External Auditors that the Closing Report is approved. The Chair requested Item 7.4 be discussed next to close this off.

Item 7.4 was presented next.

THAT the Committee recommends the Financial Statements and Performance Statements for the year ended 30 June 2022 be endorsed in principle, subject to no material change by VAGO or the Closing Report.

Moved: Cr Robertson
Seconded: Mr Murphy

CARRIED

Item 7.3 Review Interim Management Letter

Author: Jason Cay, Acting Financial Sustainability Coordinator
Attachments: Interim Management Letter

RECOMMENDATION

THAT the Committee acknowledge the Interim Management Letter as presented.

NOTED

Item 7.5 was presented next.

Item 7.4 Review Draft Management Letter & Closing Report

Author: Jason Cay, Financial Sustainability Coordinator
Attachments: Distribution separately

RECOMMENDATION

THAT the Committee acknowledge the Draft Management Letter and Closing Report as presented.

THAT there will be a recommendation to VAGO to provide a clean un-audited report.

NOTED

The Committee revisited Item 7.2 to close the loop and finalise the item.

Item 7.5 Business Continuity Plan & Sub Plans

Author: Dion Rhook – Acting Risk Management Coordinator
Attachments: Nil

RECOMMENDATION

THAT the Committee note the following update on the Southern Grampians Shire Council (SGSC) Business Continuity Plan (BCP) testing schedule.

THAT the Committee enquired if in our BCP, we have incorporated cybersecurity or is it separate. Question on notice, Mr Bennett advised that these are separate.

THAT the Business Continuity staff member come and speak to the Committee about how the BCP testing schedule fits together and how do we prioritise which tests are physically done and how the learnings work and combine with the cyber security. Present to the Committee about how the process works.

NOTED

Mr Harrison joined the meeting virtually at 2.30pm.

Item 7.6 VAGO Audit – Fraud Control over Local Government Grants

Author: Belinda Johnson – A/Director Community & Corporate Services
Attachments: Presentation – VAGO Grants Audit Outcomes and Actions

RECOMMENDATION

THAT the Committee note the final report and that the identified recommendations of the report be entered into Council's Interplan System for future reporting to the Committee.

THAT the actions out of this report will be put into Interplan for progress reporting.

NOTED

Item 8.1 Internal Audit Progress – Overall

Author: Belinda Johnson, A/Director Community & Corporate Services
Attachments: Internal Audit Updates & Timeframes

RECOMMENDATION

THAT the Committee note the update of the Internal Audit Progress & Updated Plan 2022-2024.

NOTED

Item 8.2 Progress Report of Internal Audit Actions (Interplan)

Author: Belinda Johnson – A/Director Community & Corporate Services
Attachments: Interplan Reports - Various

RECOMMENDATION

That the Committee note the attached Interplan reports for the following:

- Procurement
- Purchasing Cards
- Data Security Protection (VPDSS)
- Road Asset Management
- Child Safe Standards

NOTED

Item 8.3 Internal Audit - Data Analysis - Accounts Payable & Procurement

Author: Belinda Johnson – A/Director Community & Corporate Services
Attachments: Data Analysis - Accounts Payable & Procurement – Final Report

RECOMMENDATION

THAT the Committee note the final report for “Data Analysis – Accounts Payable & Procurement” and that the identified recommendations of the report be entered into Council’s Interplan System for future reporting to the Committee.

THAT Ms Johnson Take on Notice the query regarding missing ABN’s and update in the future.

THAT when the new finance system is installed, provide to the Committee a sample of the monthly or quarterly data analytics report.

Mr Bennett entered the meeting in person at 3.05pm

Mr Harrison left the meeting at 3.09pm.

The Committee had a break from the meeting at 3.10pm and returned at 3.16pm

Item 8.4 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 9.1 Excess Leave Update

Author: Tahlia Homes, Manager Organisational Development
Attachments: Nil

RECOMMENDATION

THAT the Committee note the update of the Excess Leave.

NOTED

Item 9.2 ICT Physical Policies & Procedures

Author: Russell Bennett, Manager Business Systems
Attachments: ICT Physical Policies & Procedures

RECOMMENDATION

THAT the Committee note the SGSC Cyber Security audit presentation.

THAT a review of this to be brought back to the November ARC Meeting.

THAT actions from the Cyber Security Audit be entered into Interplan.

THAT a Cyber Security Audit be added to the Internal Audit Plan. either annually or every 2 years.

THAT the Committee would like confirmation of the cyber security around the BCP – IT have ownership of the Disaster Recovery Plan.

NOTED

Item 10.1 Implementation of Local Government Act 2020

Author: Tania Quinn, Acting Governance Coordinator
Attachments: Local Government Act 2020 Project Plan

RECOMMENDATION

THAT this item be noted.

NOTED

Item 10.2 Local Government Legislative Amendment (Rating and Other Matters) Act 2022

Author: Belinda Johnson, Acting Director Community & Corporate Services
Attachments: N/A

RECOMMENDATION

THAT this item be noted.

NOTED

Item 10.3 Compliance Framework

Author: Tania Quinn, Acting Governance Coordinator
Attachments: Compliance Overview

RECOMMENDATION

THAT the Committee note the update on the Compliance Framework.

NOTED

Item 11.1 OHS Report

Author: Mike Shanahan, Health & Safety Coordinator
Attachments: OHS Report – Executive Summary

RECOMMENDATION

THAT the Committee note the attached report.

THAT every 6 months the Committee are provided with a more detailed report as an attachment with the Executive Summary to give the Committee assurance that the system is working.

NOTED

Item 12.1 Councillor Expenses Quarterly Report

Author: Tania Quinn, Acting Governance Coordinator
Attachments: Councillor Expenses - Quarterly Report – 1 April 2022 – 30 June 2022

RECOMMENDATION

THAT the Committee note the Councillor Expense Report as presented.

NOTED

Item 12.2 Finance Report – 30 June 2022 Preliminary

Author: Jason Cay, Acting Financial Sustainability Coordinator
Attachments: Finance Report – 30 June 2022 Preliminary

RECOMMENDATION

THAT the Committee note the Preliminary Finance Reports as at 30 June 2022, as presented.

Refer to Item 7.2 as discussed earlier.

NOTED

Item 12.3 Review of Insurance Premium Costs 2022/23

Author: **Dion Rhook, Acting Risk Management Coordinator**
Attachments: **N/A**

RECOMMENDATION

THAT the Committee acknowledge the Review of Insurance Premium Costs as presented.

NOTED

13. Other Items

Cr Robertson raised with the Committee a concern about the Mt Napier Quarry and the potential liability for remediation works. Ms Johnson to check whether Council or any other body holds any form of bank guarantee or is there reliance upon the lease clause only.

NOTED

14. Next Meeting

The next ARC Meeting is scheduled for Tuesday 15 November 2022.

The Chair thanked management for their contribution and openness and the work that has been done and involvement in today's meeting.

Meeting closed at 4.12pm.