



Southern Grampians
SHIRE COUNCIL

Audit & Risk Committee Minutes

Ordinary Meeting
4 September 2019

Held at 1.30pm in the
Martin J Hynes Auditorium
3 Market Place, Hamilton

2. Welcome - Chair

Due to the current Chair, Mr Mick Murphy, being unable to attend meeting in person, it was determined that Cr Brown would open the meeting, conduct the formalities and ask the Committee to appoint an Acting Chair.

Cr Brown declared the meeting open and welcomed all to the meeting especially Mr David Moloney - Director Shire Infrastructure, Ms Karly Saunders - Governance Coordinator, Ms Kara Winderlich - Risk Management Coordinator and Mr Nathan Barber - RSD Audit. Mr Chris Kol would be attending the meeting around 3.00pm.

Item 4 – Appointment of Acting Chair was considered first.

4. Appointment of Acting Chair

It was resolved to nominate Mr Brian Densem the Acting Chair for this meeting, given the current Chair, Mr Mick Murphy, attending via telephone. Mr Densem accepted and the meeting was handed over to continue.

Moved: Cr Brown

Seconded: Cr Dunkley

CARRIED

1. Attendance

Members

Mr Michael Murphy OAM – Chair – Via Teleconference

Mr Brian Densem – Acting chair

Cr Mary Ann Brown – Mayor

Cr Colin Dunkley

Officers

Mr Michael Tudball – Chief Executive Officer

Ms Evelyn Arnold – Director Community & Corporate Services

Mr Jason Cay – Finance Coordinator

Mr Darren Barber – Manager Organisational Development

Mr David Moloney – Director Shire Infrastructure

Ms Karly Saunders – Governance Coordinator

Ms Kara Winderlich – Risk Management Coordinator

Minutes

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

Guests

Mr Chris Kol - McLaren Hunt Financial Group

Mr Nathan Barber – Partner - RSD Audit

3. Apologies

Ms Belinda Johnson – Manager Finance

5. Conflict of Interest

Mr Mick Murphy – Wannan Water

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

6. Matters Arising from the Previous Minutes

The Committee discussed Matters Arising from the Previous Minutes in Item 13.1 – Summary Table of Outstanding Matters.

7. Confirmation of Minutes

Cr Dunkley was incorrectly noted as an apology but was listed as attending, subject to this amendment, the minutes are approved.

It was resolved that the Minutes of the Ordinary Meeting of the Audit & Risk Committee held on 9 July 2019 were confirmed as true and correct record of business transacted, subject to the minor amendment above.

Moved: Cr Brown

Seconded: Mr Murphy

CARRIED

7.1 VAGO Report – Fraud and Corruption Control - Local Government – Question on Notice

ACTION/RECOMMENDATION

Ten recommendations came out of the VAGO Report which the Minister requested further information of how Council is going to investigate these. The response to the Minister was Council is undertaking a policy review which was already in place and a report will be provided to ARC for all future meetings.

A table was provided with VAGO Recommendations, Measures currently in Place and the items Councils would like to review as part of the recommendations put forward by VAGO.

Mr Tudball specifically mentioned the items below:

- Councillors to certify their expense claims – there are now new processes in place since the last ARC meeting with Councillor Expenses coming to ARC to make sure Councillor's are adhering to the Policy.
- Review Credit Card policies and process – will be separating the duties in the way this process is done.
- Ensure equivalent approval of CEO's expenditure – whether this is brought to ARC or done by another process.
- Review and revise staff purchase of alcohol – currently is staff/Councillors are away for work they are able to purchase a glass of wine/beer with their meal allowance.

Fraud and Corruption Awareness Training can be undertaken by Councillors on the Council's internal training system called Litmos which will be available in 5-6 months.

ACTION this be a Standing Item for future meetings until all of these measures have been implemented and the Committee can receive an update until all of the policies and reviews have been completed.

THAT this item be noted.

NOTED

8.1 Internal Audit Progress - Overall

ACTION/RECOMMENDATION

THAT Item 3 from the RSD Audit – Recent Reports & Publications of Interest Update - Local Government Inspectorate document under Managing the Employment Cycle of a Council CEO has been discussed and is not supported by the Committee.

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

NOTED

8.2 Internal Audit - Draft Scopes – Building Maintenance, Depot Management & Procurement

Mr Nathan Barber presented the draft Scope documents for the Building Maintenance, Depot Management & Procurement audits. Discussion followed, with focus upon:

- all three reviews to include a critique of the risk descriptions and mitigating controls as listed in Council's Risk Register, with any improvements required to be raised to improve the registers going forward
- the Depot Management Scope to include Dangerous Good Storage and EPA Licences' compliance
- the Council's Health & Safety Representative be added under Key Staff in the Depot Management Scope
- a sample of expenditure to be reviewed to ensure appropriate delegation and processes have been adhered to. This includes specific consideration to credit card purchases, as well as reimbursements to Councillors and staff
- the audits are to cover off on exclusive use of tenders.

It was resolved that the draft scopes for Building Maintenance, Depot Management & Procurement, be endorsed, subject to the updates requested from RSD Audit.

Moved: Cr Brown

Seconded: Mr Murphy

CARRIED

8.3 Internal Audit – Waste Management – Final Report

Mr Barber presented the Waste Management Audit Report, focusing on the Medium rated findings. Discussion followed.

It was resolved the Waste Management Audit Report be endorsed, noting that the Management actions arising will be entered into Interplan for monitoring and reporting.

Moved: Cr Brown

Seconded: Cr Dunkley

CARRIED

Mr Moloney left the meeting at 2.24pm

Mr Chris Kol entered the meeting at 2.26pm

8.4 Progress Report of Current Actions (Interplan)

ACTION/RECOMMENDATION

THAT the Committee note the attached Interplan reports for Customer Service & Complaints and Contract Management.

ACTION an Annual Interplan Report on all Internal Audit Items be provided with retrospective actions to the Committee.

NOTED

9.1 Final Financial Statements - Flood Works and Flood Recovery Update

Mr Tudball presented the update in respect of this matter. Discussion followed.

The Committee noted the Flood Works Final Reports and Final Financial Statements.

NOTED

9.2 Implementation of Local Government Act

Mr Barber updated the Committee as to the status of the new Act. Discussion followed, primarily around readiness and likely implementation period.

The Committee noted the update.

NOTED

9.3 Compliance Framework

Ms Karly Saunders presented the draft Compliance Framework, seeking Committee feedback. Discussion followed, including:

- The Framework needs an overarching documents over the top of it, similar to the Risk Management Policy
- The Financial Management Act and the Road Safety & Traffic Management Act be incorporated into the Compliance Framework – Question on Notice and;
- That the Road Management Plan that is presented to Council can also be presented to this Committee.

The Committee acknowledged the significant work done thus far and the quality, commending Management accordingly. The draft Compliance Framework was noted.

NOTED

9.4 OHS Report

Mr Darren Barber presented the OHS Report. Discussion followed.

The Committee noted the report.

NOTED

11.1 Business Continuity Plan & Sub Plans

Mr Darren Barber and Ms Kara Winderlich presented the BCP documents outlining to Committee the process involved in their preparation. Discussion followed.

The Committee commended Management on the work undertaken, noting that the contents will be regularly reviewed and updated.

It was resolved that Business Continuity Plan and Sub Plans be endorsed.

Moved: Cr Brown

Seconded: Cr Dunkley

CARRIED

11.2 Risk Management Policy

Author: Darren Barber

Attachments: Risk Management Policy

Mr Darren Barber presented the Risk Management Policy. Discussion followed.

The Committee noted the Draft Risk Management Policy.

NOTED

Mr Barber, Ms Sauders and Ms Winderlich left the meeting at 3.05pm

Mr Tudball, Ms Arnold, Mr Cay and Ms Rhook were asked to leave the meeting for the Committee in Camera Session at 3.05pm

Mr Tudball, Ms Arnold, Mr Cay and Ms Rhook returned to the meeting at 3.15pm.

13.2 Progress Report of Current Actions – External Audit

The Committee noted the Audit & Risk Committee Action & Task Summary Report (Progress of Current Actions) as presented.

NOTED**13.3 Financial Statements and Reports**

Ms Arnold presented the Draft Financial Statements, Performance Statements and Governance & Management Checklist for the Year End 30 June 2019.

Mr Kol stepped the Committee through the audit process referencing to the Closing Report for the Period ended 30 June 2019, confirming that the audit result will be unqualified, pending the outcome to be advised by VAGO and receipt of a Management Representation Letter.

Discussion followed. Particular attention was paid to the status of the previous issues on the Management Letter.

It was resolved that the Committee recommends the Council sign the Annual Financial Statements, Performance Statement and Governance & Management Checklist for the Year Ended 30 June 2019, subject to receiving written VAGO clearance and the provision of a Management Representation Letter signed by the CEO and Finance Manager.

Moved: Cr Brown

Seconded: Mr Murphy

CARRIED**13.5 Review Final Closing Report**

Mr Kol referred to the Closing Report per 13.3.

The Committee noted the Final Closing Report as presented

NOTED**13.4 Review Draft Management Letter**

Mr Kol presented the Draft Management Letter for the Year Ended 30 June 2019. Discussion followed, with specific note paid to the Open Issues (current and prior periods).

The Committee noted the Draft Management Letter as presented

NOTED**13.1 Summary Table of Outstanding Matters**

The Committee noted the Table of Outstanding Matters.

NOTED

14. Next Meeting

The Acting Chair thanked all for the work that had been done and finalising some of the processes.

The next meeting quarterly meeting is scheduled for Tuesday 12 November 2019 commencing at 1.30pm in the Martin J Hynes Auditorium.

Meeting closed 3.52pm
