

Meeting	Minutes of South Gippsland Shire Council (SGSC) Audit Committee						
Date	Tuesday 10 December 2019	Time	3.15pm (Committee met in committee at 3pm)	Duration:	2.0 hour meeting	Location:	Meeting Room 2, Leongatha
Attendees	Dr AJ (John) Purcell (Chair) Mr. Homi Burjorjee Mr. Chris Badger Mr. Rick Brown (Administrator) Support Staff: Bryan Sword: Acting CEO, Faith Page: Director Corporate and Community Services, Stuart Smith: Acting Manager Finance, Luke Anthony: Coordinator Risk and Procurement and Eve Hollole: Senior Risk Officer. Internal Audit: Richmond, Sinnott and Delahunty (RSD); Kathie Teasdale: Principal						
Apologies	N/A						
In Committee Section	Committee received a verbal update from the Fraud and Corrupt Conduct Officer and FOI Officer.						
Disclosures of Interest	Dr Purcell as member of Baw Baw Shire, Knox City and Wyndham City Councils' Audit Committees. Mr Homi Burjorjee as member of Knox City Council, Cardinia Shire Council, Ararat Rural City Council, Bass Coast Shire Council and Office of Public Prosecutions Audit Committees. Mr Chris Badger as non – executive director of Gippsland Water, Gippsland Waste and Recovery Group. Chair of Gippsland Waste and Resource Recovery Group Audit and Risk Committee. Chair of Wellington Shire Council Audit Committee (as of 16 December 2019). Director CDB Energy/Utility Consultancy. Board Member, Gippsland Ports.						
Confirmation of Minutes of previous meeting	Committee approved the Minutes of the Audit Committee Meeting held on 10 September 2019. Moved: Mr Burjorjee. Seconded: Mr Badger.						
Advise of known or potential breaches of legislation	None advised.						

Agenda Item	Responsible	Comment / Action
1. Financial and Performance Reports		
1.1 Financial Performance Report Financial Performance Report: Jul 19 to Oct 19	Acting Manager Finance	Committee discussed and noted the report. Moved: Mr Badger. Seconded: Administrator Brown.
1.2 Performance Report (Non-Financial) and Local Government Performance Reporting Framework Organisational Performance Report – Jul 19 to Sept 19 and LGPRF Results – Jul 19 to Sept 19	Director Corporate and Community Services	Committee discussed, received answers to questions and noted the reports. The Committee further noted the high quality of the reports and that Administrators have requested first quarter results also be reported on an ongoing basis to the Committee which has been included in the Audit Committee Plan 2020. Moved: Mr Badger. Seconded: Mr Burjorjee.
1.4 Fiduciary Duty: review any reports concerning material violation or breaches of fiduciary duty.	Acting Manager Finance	Committee noted there had been no violations or breaches of fiduciary duty during the 18/19 FY or previous years.
1.5 Capital Works Annual Capital Works Report	Director Infrastructure	Committee discussed and noted the report. Moved: Administrator Brown. Seconded: Mr Badger.
2. Internal Control System		
2.1 Internal Control System Report Internal Control System Report	Coordinator Risk	Committee noted the report.
3. Risk Management		
3.1 Risk Profile and Registers Strategic Risk Register Strategic Risk Committee Minutes: 28 Oct 19	Senior Risk Officer	Committee discussed and noted the reports. The Committee further noted the Annual Risk Briefing to Council has been postponed to Feb / Mar 20, including Risk Management Framework and Policy review where the risk appetite and tolerance will be revised and the documents will be updated in accordance with AS ISO 31000: 2018. Further the Committee provided feedback on improvements that can be made to risk assessments to ensure residual risk ratings better align with risk appetites Action: officers to consult with Independent Members and relevant external agencies to adopt better practice in relation to risk assessments regarding residual risk ratings and risk appetites. Moved: Administrator Brown. Seconded: Mr Badger.
3.2 Quarterly report from CEO/Director	Director Corporate and Community Services	Committee received a verbal report from the Director Corporate and Community Services on relevant risks from the Strategic Risk Register.

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4. Internal Audit		
4.1 Planned Internal Audits RSD Internal Audit Report 2019/2020 OHS Audit Scope.	Senior Risk Officer	Committee discussed and noted reports. Further the Committee noted that the Internal Audit Report for Budget Processes (Capital and Major Works) is still being finalised. The Committee discussed whether to conduct an OHS Audit (scope approved at June 19 Meeting) and / or an Internal Audit project to review of the completion of prior audit actions in March / April 2020. Action: Management determine with Administrators which audit/s (i.e. OHS and / or Internal Audit Action completion) should be undertaken in March / April 20 and advise the Committee at Mar 20 meeting. Moved: Administrator Brown. Seconded: Mr Badger.
4.2 Internal Audit Plan	Senior Risk Officer	Committee noted that a draft 2020/21 Internal Audit Plan will be presented for consideration and finalisation at the Mar 20 meeting.
4.3 Internal Audit Recommendation Implementation Internal Audit Actions	Senior Risk Officer	Committee discussed and noted the report. Recommendation / Action: the Strategic Risk Committee consider including outstanding audit actions in departmental business plans and consider an Internal Audit project to assess the completion of prior audit actions and determine if any prior audit actions are no longer required and report back to the Committee in June 20. Moved: Mr Badger. Seconded: Mr Burjorjee.
4.4 Internal Audit Function Review: review the internal audit function, monitor satisfaction with internal audit service.	Senior Risk Officer	Committee requested the report be delayed to the Mar 20 meeting.
5. Compliance and ethics		
5.1 Legislative Compliance and Ethics Program Report Legislative Compliance and Ethics Program Report	Coordinator Risk	Committee noted the report.
5.2 Regulatory Updates: keep informed of findings of any examinations by regulatory agencies	Coordinator Risk	Committee noted the report.
8. Reporting responsibilities		
8.1 Audit Committee reports regularly to Council	Senior Risk Officer	Committee noted the 10 Sept 19 Minutes were reported to Council at the 23 Oct 19 Ordinary Meeting of Council.
8.2 Audit Chair Annual Report to Council	Committee Chair	Committee noted this report is scheduled for 11 Dec 19 and was provided to the Committee for feedback at the 10 Sept 19 meeting.

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9. General		
9.1. Review effectiveness of Secretariat support performance.	Committee	Committee provided positive feedback on the performance of the Secretariat.
9.2 Committee performance/fees: assess Committee performance. Audit Committee Performance Report	Senior Risk Officer	Committee requested the report be represented to the Mar 20 meeting for further discussion and noted that Independent Member Fees increased by 2% in line with Councillor allowances on the 1 Dec 19, from \$832 to \$849 for Independent Members and from \$1,040 to \$1,061 for Chair per meeting.
9.3 Committee Chair 2020: recommendation of Chair for appointment by Council for the next calendar year.	Committee	Recommendation: the Committee recommended to Council that Dr. Purcell be appointed Committee Chair for the 2020 calendar year. Moved: Administrator Brown. Seconded: Mr Badger.
9.4 Independent Committee Membership Draft Audit Committee Charter Skills Matrix	Senior Risk Officer	Committee noted the draft skills matrix and that Mr. Burjorjee was appointed on 22 Feb 2017 for an initial term of 3 years, concluding on 21 Feb 2020. Recommendation: the Committee recommended to Council that Mr Burjorjee be re-appointed for a second and final three year term commencing 22 Feb 2020 and concluding on 21 Feb 2023. Action: Officers complete a further draft of the skills matrix using details provided in members Curriculum Vitae's and present to the Committee at the June 20 meeting. Moved: Mr Badger. Seconded: Administrator Brown.
9.5 Audit Committee Charter and Policy	Senior Risk Officer	Committee noted the annual review of the Charter and Policy was conducted in June 19 and adopted by Council in Aug 19.
9.5 Audit Committee Plan for next calendar year Audit Committee Plan 2020	Coordinator Risk	Committee approved the Audit Committee Plan for 2020. Moved: Administrator Brown. Seconded: Mr Badger.
9. General Business		
N/A		
10. Close / Next meetings: Tuesday 10 March 2020, Tuesday 9 June 2020, Tuesday 8 September 2020 and Tuesday 8 December 2020 starting at 3pm.		
11. Actions		
Meeting Date / Action Description	Status	Comment
11 June 19: Item 1.1 Financial Performance Report Committee made the following recommendations:	Closed: due 10 Dec 19	This feedback has been incorporated into the Financial Performance Report (see Item 1.1 above).

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<ul style="list-style-type: none"> • “Working Capital” in glossary should be “Working Capital Ratio” and definition should be amended accordingly; • Summarise the budget variation requests and include an example of three to four major variation requests; • Cash flow activities (Operations, Financing, Investing summary) should be listed in the cash flow executive summary; • KPI targets for the LTFP should be included so that target numbers/variations are easier to ascertain; • Remove loan advances made and repayment of loans and advances from cash flow statement; and • Add a key to indicate what constitutes “green”, “amber” & “red” in the table on page 13 of the executive summary. 		
11 June 19: Item 2.1 Risk Management Framework <ul style="list-style-type: none"> • The Committee be provided an overview of Council’s RMF at the Dec 19 meeting and in particular, on Council’s Risk Appetite; • The Risk Review for Shared Services be reviewed after the funding announcement which is expected in mid to late June 19. 	In progress: rescheduled to March 20 meeting Closed: 10 Dec 19 in the Strategic Risk Register	<ul style="list-style-type: none"> • Noting the Committee was briefed / provided feedback on updated RMF in Nov 18 prior to Council adoption (17 Feb 19) and the next annual RMF briefing has been re-scheduled to Feb / Mar 20. • Noting in early July the four participating Councils were successful in securing \$4.6m in funding for the project.
11 June 19: Item 3 OHS Trends / Annual Leave Balances The Committee recommended that for the next report, officers: <ul style="list-style-type: none"> • Adopt the use of frequency rates to benchmark against industry comparisons; • Include contractor OHS claims / incidents in OHS reporting and frequency rates; and Clarify the vertical scale in the graphs contained on page 100 (OHS and Return to Work Trends).	In progress – due 9 June 20	
10 Sept 19: Item 4.1 Internal Audit CEO, Officers and Administrator Brown to work with Internal Audit to develop revised audit plan based on the above and present to 10 Dec 19 for consideration and approval.	Closed: 10 Dec 19.	This action has been replaced by new action outlined in Item 4.1 above and summarised below from the 10 Dec 19 meeting.
10 Sept 19: Item 9.3 Independent Committee Membership The Committee to provide a recommendation to Council at the 10 Dec 19 meeting relating to the re-appointment of Mr. Burjorjee for a second three year term and that a skills matrix be prepared to assist.	Closed: 10 Dec 19.	See recommendation and new action outlined in Item 9.4 above and summarised below from the 10 Dec 19 meeting.

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10 Dec 19: 3.1 Risk Profile and Registers Officers to consult with Independent Members and relevant external agencies to adopt better practice in relation to risk assessments regarding residual risk ratings and risk appetites.	In progress: due 10 Mar 20	
10 Dec 19: 4.1 Planned Internal Audits Management determine with Administrators which audit/s (i.e. OHS and / or Internal Audit Action completion) should be undertaken in March / April 20 and advise the Committee at Mar 20 meeting.	In progress: due 10 Mar 20	
10 Dec 19: 4.3 Internal Audit Recommendation Implementation The Strategic Risk Committee consider including outstanding audit actions in departmental business plans and consider an Internal Audit project to assess the completion of prior audit actions and determine if any prior audit actions are no longer required and report back to the Committee in June 20.	In progress: due 9 June 20	
10 Dec 19: 9.4 Independent Committee Membership Officers complete a further draft of the skills matrix using details provided in members Curriculum Vitae's and present to the Committee at the June 20 meeting.	In progress: due 9 June 20	