

Meeting	Minutes of South Gippsland Shire Council (SGSC) Audit Committee						
Date	Tuesday 9 June 2020	Time	3.15pm (Committee met in committee at 3pm)	Duration:	2.0hour meeting	Location:	Video Conference / Remote
Attendees	<p>Mr. Homi Burjorjee (Acting Chair) Dr John Purcell Mr. Chris Badger Mr. Rick Brown (Administrator) Ms Julie Eisenbise (Administrator/Observer) Support Staff: Kerry Ellis: CEO, Anthony Seabrook: Director Infrastructure, Tracey Costello: Acting Director Corporate and Community Services, Bryan Sword: Incident Controller, Business Continuity Plan; Allan Williams: Acting Manager Finance, Phil Dwyer: Manager People and Culture; June Ernst: Coordinator of Corporate Planning and Council Business, Luke Anthony: Coordinator Risk and Eve Hollole: Senior Risk Officer. Internal Audit: Richmond, Sinnott and Delahunty (RSD): Kathie Teasdale External Audit: Victorian Auditor General's Office: Sanchu Chummar, Acting Sector Director, Local Government, Jung Yau: Audit Manager, Local Government</p>						
Apologies	N/A						
In Committee Section	Committee received a verbal update from the Fraud and Corrupt Conduct Officer.						
Disclosures of Interest	<p>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, 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. Director CDB Energy/Utility Consultancy. Board Member, Gippsland Ports. Member of CarbonNet Community reference Group, Independent Member East Gippsland Shire Council Audit and Risk Committee.</p>						
Confirmation of Minutes of previous meeting	<p>Report of the Audit Committee Meeting held on 10 March 2020.</p> <p>Moved: Administrator Brown Seconded: Mr Badger</p>						
Advise of known or potential breaches of legislation	Refer to In-Committee Section above.						

Agenda Item	Responsible	Comment / Action
1. Financial and Performance Reports		
1.1 Financial Performance Report Financial Performance Report: Jul 19 to April 2020	Acting Manager Finance	Committee noted report and recommended that financial statements be reviewed by the Audit Committee prior to being presented to Council where possible. Moved: Administrator Brown Seconded: Mr Badger
1.2 Performance Report (Non-Financial) and Local Government Performance Reporting Framework Organisational Performance Report – Jul 19 to May 2020 and LGPRF Results – Jul 19 to March 2020	Acting Director Corporate and Community Services / Coordinator of Corporate Planning and Council Business	Committee noted report and requested for the data related to Band 5 on Page 46 be updated. Moved: Administrator Brown Seconded: Mr Badger
2. Risk Management		
2.1 Risk Profile and Registers Strategic Risk Committee Minutes: 5 May 2020 Strategic Risk Register	Senior Risk Officer	Committee received a verbal update from the CEO regarding process of review, training and consultation (including consideration of workshops) in relation to the Risk Management Framework and Policy. Committee requested that the VLGA 'Audit Committee Considerations in COVID 19 presentation' originally sent on 12 May 2020 be re-distributed to Audit Committee Members with the minutes of this meeting. Moved: Administrator Brown Seconded: Mr. Badger
2.2 Business Continuity and Disaster Recovery	Incident Controller	Committee received a verbal report from the Incident Controller on Business Continuity and Recovery in the context of COVID-19. Action: Committee requested an update at the September meeting as to how Council is managing the fraud risks associated with the COVID-19 Pandemic as documented in the report by PWC Australia "COVID-19 Fraud Considerations". Moved: Mr. Badger Seconded: Administrator Brown
2.3 Quarterly report from CEO/Director	Director Infrastructure	Committee received a verbal report from Director Infrastructure on relevant risks from the Strategic Risk Register. Moved: Administrator Brown Seconded: Mr Badger

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2.4 Fraud, Corrupt Conduct or possible illegal acts	Coordinator Risk	Committee received a verbal report from the F&CC Officer (see above In-Committee section).
2.5 OHS Trends and Annual Leave Balances OHS Trends and Annual Leave Balances Report	Manager People and Culture	Committee discussed and approved report, noted the CEO's comments relating to improving the annual performance report (next due to the Committee June 2021) to enable the Committee to meet better / best practice, including expansion of (lead / lag) performance indicators. Moved: Administrator Brown Seconded: Mr Badger
3. Internal Audit		
3.1 Planned Internal Audits Action Plan for Budget Management including Capital and Major Works Report	Director Infrastructure / Acting Director Corporate and Community Services	Committee discussed and approved report, noting that all actions including the establishment of a community representative group will be implemented by December 2020. Moved: Mr. Badger Seconded: Administrator Brown
3.2 Internal Audit Plan RSD Internal Audit Plan 2020/21	Senior Risk Officer / RSD	Committee discussed and approved report, noting that the selection of audit projects is fluid and able to be prioritised, depending on the needs of Council. Committee noted Strategic Risk Committee has considered the Committee's recommendation of conducting fewer audits per annum. Management will continue to consider this matter as the audit program progresses. Moved: Dr. John Purcell Seconded: Mr. Badger
3.3 Audit Recommendation Implementation: Internal Audit Recommendations Report	Senior Risk Officer	Committee discussed and approved report, noting that the CEO and management are reviewing current processes to ensure accountability for the timely completion of recommended audit actions. Moved: Administrator Brown Seconded: Mr Badger
4. External Audit		
4.1 VAGO Interim Management Letter VAGO Interim Management Letter	VAGO	Committee noted and discussed report, including advice in relation to impact of valuation of land under roads, following the adoption of revised valuation method, subject to VAGO approval of the proposed methodology. Moved: Administrator Brown Seconded: Mr Badger

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5. Compliance and ethics		
5.1 Regulatory Updates RSD Regulatory Report	Senior Risk Officer	Committee noted and discussed report. Moved: Administrator Brown Seconded: Dr. John Purcell
6. Reporting responsibilities		
6.1 Audit Committee reports regularly to Council	Senior Risk Officer	Committee noted that the 10 March 2020 Minutes were reported to Council at the 22 April Ordinary Meeting of Council.
7. General		
7.1. Audit Committee: Local Government Bill 2019 Local Government Act 2020 Audit & Risk Committee Charter	Senior Risk Officer	Committee discussed reports, noting that the proposed amendments to the Audit & Risk Committee Charter are the changes discussed at the March meeting. Committee recommended that the Audit and Risk Committee Charter be further reviewed once Local Government Victoria (LGV) has released its draft guidelines to the sector and that the requirements of Section 9 of the Local Government Act 2020 also be included. Committee further noted that the officers will schedule a meeting with Audit Committee Members, CEO, Acting Director of Corporate and Community Services, Coordinator Risk and Senior Risk Officer prior to adoption of the Audit and Risk Committee Charter, to discuss the role and expectations of the Audit Committee going forward.
7.2 Independent Committee Membership Audit & Risk Committee Skills Matrix	Senior Risk Officer	Committee noted and discussed report. Committee recommended management consider publishing the Audit & Risk Committee Skills Matrix on Council's website and further include in the recruitment pack for Independent Audit Committee Members. Committee noted Dr. Purcell's second and final three-year term will conclude on 24 Feb 21. Advertising for this vacancy will occur in June / July 20, with interviews in Aug / Sept. Appointment and induction in Oct/Nov, with the view to the new member attending the Dec 20 meeting as Observer. Moved: Mr. Badger Seconded: Administrator Brown
8. General Business		
None.		
9. Close / Next meetings: Tuesday 8 September 2020 and Tuesday 8 December 2020 starting at 3pm.		

10. Actions		
Meeting Date / Action Description	Status	Comment
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. 	In progress: rescheduled to include a further update of the CEO consideration at the September 20 meeting.	<ul style="list-style-type: none"> Note from 10/3 Meeting: Committee noted the 18/3/20 RMF and Policy Council Briefing has been postponed to enable the CEO to determine an appropriate process for review, training and consultation (including consideration of workshops) and report back to the Jun 20 meeting (see Section 2.1 above). Note from 9/6/20 Meeting: Committee received a verbal update from the CEO regarding process of review, training and consultation (including consideration of workshops) in relation to the Risk Management Framework and Policy.
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 – now due June 21	<ul style="list-style-type: none"> Note from 9/6/20 Meeting: the Committee noted the comments from the CEO relating to improving the annual performance report (next due to the Committee in June 2021) to meet better / best practice, including expansion of (lead / lag) performance indicators (see Section 2.5 above).
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: now due 31 December 20	<ul style="list-style-type: none"> Note from 9/6/20 Meeting: Committee noted that the CEO and management are reviewing current processes to ensure accountability for the timely completion of recommended audit actions (see Section 3.3 above).
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.	Complete: 9 June 20	<ul style="list-style-type: none"> See Section 7.2 above.
10 March 20: 4.4 Internal Audit Function Review Committee recommended management consider fewer audits per annum but a deeper dive and more time spent on the ground by RSD staff per audit.	Complete and ongoing: 9 June 20	<ul style="list-style-type: none"> See Section 3.2 above.
9 June 20: 2.2 Business Continuity and Disaster Recovery Committee requested an update at the September meeting as to how Council is managing the fraud risks associated with the	In progress: due 8 Sept 20	

10. Actions		
Meeting Date / Action Description	Status	Comment
COVID-19 Pandemic as documented in the report by PWC Australia "COVID-19 Fraud Considerations".		
<p>9 June 20: 7.1 Audit Committee Charter</p> <p>Committee noted that the Audit and Risk Committee Charter be further reviewed once Local Government Victoria (LGV) has released its draft guidelines to the sector and that the requirements of Section 9 of the Local Government Act 2020 also be included prior to adoption by Council prior to 1 September 2020.</p> <p>Committee further noted that the officers will schedule a meeting with Audit Committee Members, CEO, Acting Director of Corporate and Community Services, Coordinator Risk and Senior Risk Officer prior to adoption of the Audit and Risk Committee Charter, to discuss the role and expectations of the Audit Committee going forward.</p>	In progress: due 1 Sept 20	
<p>9 June 20: 7.2 Independent Committee Membership</p> <ul style="list-style-type: none"> • Management consider publishing the Skills Matrix on Council's website and further include in recruitment pack for Independent Audit Committee Members. • Advertising for Independent Member vacancy in June / July 20, with interviews in Aug / Sept. Appointment and induction in Oct/Nov, with the view to the new member attending the Dec 20 meeting as Observer. 	In progress: due Dec 20	