

Meeting	Minutes South Gippsland Shire Council (SGSC) Audit and Risk Committee					
Date	Tuesday 8 September 2020	Time	3.15pm (Committee met in camera at 3pm)	Duration:	2.0hour meeting	Location: Video Conference / Remote
Attendees	<p>Mr. Chris Badger (Chair) Mr. Homi Burjorjee Mr. Rick Brown (Administrator) Ms Julie Eisenbise (Administrator/Observer)</p> <p>Support Staff: Kerry Ellis: CEO, Tracey Costello: Acting Director Performance & Innovation, Bryan Sword: Incident Controller, Business Continuity Plan; Allan Williams: Acting Manager Financial Strategy, Nigel Yarranton: Manager Innovation and Technology; June Ernst: Coordinator of Corporate Planning and Council Business, and Eve Hollole: Senior Risk Officer.</p> <p>Internal Audit: Richmond, Sinnott and Delahunty (RSD): Kathie Teasdale</p> <p>External Audit: Victorian Auditor General's Office: Sanchu Chummar, Acting Sector Director, Local Government, Jung Yau: Audit Manager, Local Government</p>					
Apologies	Luke Anthony: Coordinator Risk					
In Camera Section	<p>Committee received a verbal update from the Chief Executive Officer. The Fraud and Corrupt Conduct Officer was an apology for the meeting.</p> <p>Action: The Committee requested that the CEO review outstanding internal audit actions and provide an update at the December Committee meeting. The Committee also requested an update on the implementation plan for the Capital Works internal audit findings at the December Committee meeting.</p>					
Disclosures of Interest	<p>Mr Homi Burjorjee as member of Knox City Council, Cardinia Shire Council, Bass Coast Shire Council and Office of Public Prosecutions Audit Committees.</p> <p>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 & Risk 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>The Committee confirmed the minutes of the Audit Committee Meeting held on 9 June 2020.</p> <p>Moved: Administrator Brown Seconded: Mr Burjorjee</p>					
Advise of known or potential breaches of legislation	Refer to In-Camera Section above.					

Agenda Item	Responsible	Comment / Action
1. Financial and Performance Reports		
1.1 Financial Performance Report Internal Memo: Change in Estimates - Land Under Roads 2019 - 2020 Internal Memo: Prior Period Error - Infrastructure 2019 - 2020	Acting Manager Financial Strategy	Committee noted that the Financial Performance Report is addressed in the draft Annual Financial Report (refer Item 5.2). The Committee noted the September financial quarter is currently under way, with budget carry-forwards currently in progress, with reporting to be provided to the December 2020 A&RC meeting. The Committee noted and discussed the internal memos on Change in Estimates and Prior Period Errors relating to the 2019/20 Financial Report.
1.2 Performance Report (Non-Financial) and Local Government Performance Reporting Framework 2019/20 LGPRF Financial Year Report	Acting Director Performance & Innovation	Committee noted and discussed the 2019/20 LGPRF Financial Year Report. Action: The Committee requested an update on the implementation of the new Local Government Act. The CEO provided a verbal update, and detailed information was requested to be circulated to the Committee offline after the meeting.
2. Internal Control System		
Internal Control System Report	Acting Director Performance & Innovation	Committee noted and discussed the Internal Control System Report.
3. Risk Management		
3.1 Risk Profile and Registers Strategic Risk Committee Minutes: 4 August 2020	CEO	Committee received a verbal report from the CEO relating to the Risk Management Framework and Risk Policy review including planned engagement of a consultant to assist Council with the review. Committee noted planned temporary suspension of internal Strategic Risk Committee whilst review is conducted, and that review outcomes will be discussed with the Committee in due course. The Committee indicated their support for this approach.
3.2 Business Continuity and Disaster Recovery Annual Business Continuity Report	Incident Controller	Committee received a verbal update from the Incident Controller on Business Continuity and Recovery in the context of COVID-19.
3.3 Quarterly report from CEO/Director	CEO	Committee received and noted the verbal report from CEO on relevant risks from the Strategic Risk Register.
3.4 Fraud, Corrupt Conduct or possible illegal acts COVID-19 Fraud Considerations	Acting Director Performance & Innovation	Committee received a verbal report from Acting Director Performance & Innovation.

3.5 Insurance Report Annual Insurance Report	Coordinator Risk	Committee noted report as read.
4. Internal Audit		
4.1 Planned Internal Audits Internal Audit Scope - Data Analysis (Fraud Risk and Procurement) Internal Audit Report: OHS and RTW	Kathie Teasdale / RSD	Committee received a verbal update from RSD Partner Kathie Teasdale, noting that the audit for Emergency Management has been postponed. The Committee noted the Internal Audit Report on OH&S and RTW which was well received and endorsed the Internal Audit Scope for Data Analysis (Fraud Risk and Procurement). Moved: Administrator Brown Seconded: Mr Burjorjee
Agenda Item	Responsible	Comment / Action
4.2 Internal Audit Function Review:	Acting Director Performance and Innovation	Committee noted this report will be provided at the Dec 20 meeting and that surveys will be distributed to ELT, RSD and Committee Members for feedback.
4.3 Internal Audit Function Independence RSD Letter of Independence	Kathie Teasdale / RSD	Committee noted letter of independence from RSD Audit.
5. External Audit		
5.1 VAGO Financial Management Letter VAGO Financial Management Letter / Closing Report	VAGO	VAGO provided the Committee with a verbal update. The Committee noted the draft VAGO Management Letter and Closing Report.
5.2 Annual Report 2019/2020 2019/20 Annual Report - Report of Operations and Performance Statement 2019/20 DRAFT Annual Financial Report	Coordinator Corporate Planning and Council Business / Acting Director Performance & Innovation	Committee noted and endorsed the 2019/20 DRAFT Annual Report - Report of Operations and Performance Statement and the 2019/20 DRAFT Annual Financial Report subject to completion of the VAGO audit procedures. Committee noted that any significant changes during finalisation of audit procedures would require a further resolution via Circular Resolution. The Committee noted the positive audit feedback to date. Moved: Mr Burjorjee Seconded: Administrator Brown
6. Compliance and ethics		

6.1 Legislative Compliance and Ethics Program Report Legislative Compliance and Ethics Program Report	Coordinator Risk	Committee noted report as read.
6.2 Protected Disclosure Report	CEO	Committee noted report as read.
6.3 Regulatory Updates RSD Regulatory Report	Senior Risk Officer	Committee noted report as read.
7. Policies		
Policy Review Schedule	Coordinator Corporate Planning and Council Business	Committee noted and discussed report.
8. Reporting responsibilities		
8.1 Audit Committee reports regularly to Council	Senior Risk Officer	Committee noted that the 9 June 2020 Minutes were reported to Council at the 22 July 2020 Ordinary Meeting of Council.
8.2 Audit Chair Annual Report Annual Audit Chair Report to Council	Chair	Committee noted that the draft Audit Chair Annual briefing to Council will be circulated to the Committee offline and presented to Council at earliest convenience.
9. General		
9.1 Audit Committee Meeting Dates 2021	Senior Risk Officer	Committee approved, in principle, the following 2021 meeting dates with 3pm start: Tuesday 9 March 2021; Tuesday 8 June 2021; Tuesday 14 September 2021; and Tuesday 14 December 2021. Moved: Administrator Brown Seconded: Mr Burjorjee
9.2 Independent Committee Membership	Senior Risk Officer	Committee noted that Chris Badger was appointed Chair at the 26 August Ordinary Council Meeting following the resignation of Dr. John Purcell. Committee received a verbal report from the CEO on the recruitment process for the Independent Member Vacancy.
9.3 Committee Performance	Senior Risk Officer	Committee noted this report will be provided at the Dec 20 meeting and that surveys will be distributed to ELT and Committee Members for feedback.

10. General Business		
None.		
11. Close / Next meeting: Tuesday 8 December 2020 starting at 3pm.		
12. 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 statements, tolerances, and indicator associated with strategic objectives. 	In progress: Note: CEO verbal report in Item 3.1 above.	<ul style="list-style-type: none"> Note from 8 Sept 2020 – Consultant engaged for risk review.
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 	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.
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.
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 COVID-19 Pandemic as documented in the report by PWC Australia "COVID-19 Fraud Considerations".	Complete: 8 Sept 20 Refer to Appendix 7 above.	

<p>9 June 20: 7.1 Audit Committee Charter 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>	Complete: 26 August 20	Note from 8/6/20 Meeting: the first Audit and Risk Committee Charter was adopted by Council on 26 August 20 following incorporation of LGV recommended inclusions and Committee feedback.
<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	
<p>8 Sept 20: Annual Report 2019/2020 Committee noted that any significant changes during finalisation of audit procedures would require a further resolution via Circular Resolution.</p>	Complete: 23 September 20	No significant changes to financial statements. VAGO withdrew proposed unadjusted audit difference, with no material unadjusted differences noted. This was communicated to A&RC members via email. Council endorsed the financial statements for final VAGO approval at its Ordinary Council Meeting held on 23 September 2020.
<p>8 Sept 20: Audit Chair Annual Report Committee noted that the draft Audit Chair Annual briefing to Council will be circulated to the Committee offline and presented to Council at earliest convenience.</p>	Complete: 15 September 20	Draft Audit Chair report circulated to the Committee via email on 15 September 2020. Audit Chair scheduled to present to Council in October 2020.
<p>8 Sept 20: Outstanding Internal Audit Actions The Committee asked the CEO to review the outstanding actions and provide a report on the way forward at the next meeting</p>	In progress: due Dec 20	

8 Sept 20: Local Government Act 2020 The Committee requested an update on the implementation of the new Local Government Act.	Complete: September 20	The CEO provided a verbal update during the meeting and detailed information was circulated to the Committee via email following the meeting.
8 Sept 20: Capital Works Internal Audit Implementation The Committee requested an update on the status of actions from the Capital Works Internal Audit at the December Committee meeting	In progress: due Dec 20	