

SOUTH GIPPSLAND SHIRE COUNCIL

Audit & Risk Committee

Minutes

9 March 2021

9 March 2021
Virtual Online Meeting
Commenced at 3.00PM

Minutes



AUDIT & RISK COMMITTEE

*South Gippsland
Shire Council*

Come for the beauty, Stay for the lifestyle

The Committee undertakes the following:

Committee will provide advice and recommendations to the Council, contributing to a systematic and disciplined approach to evaluating and improving the effectiveness of financial management, risk management, internal controls and governance processes within Council.

This includes oversight responsibilities of monitoring, reviewing, endorsing and advising related to:

- Financial and Performance Reporting
- Strategic Risk Management
- Fraud prevention systems and control
- Maintenance of a sound internal control environment
- Assurance activities including internal and external audits

Reviewing Council's performance with regard to compliance with its policies and legislative and regulatory requirements.

Ensuring that Council's policies and procedures comply with the overarching Governance Principles, the Local Government Act and regulations and any Ministerial Directions



Audit & Risk Committee Confidentiality

The Chief Executive Officer designates that the Minutes of this 9 March 2021 are confidential information until these Minutes are made public in the Agenda of the next Council Meeting, which is anticipated to be 21 April 2021.



Kerry Ellis
Chief Executive Officer

AUDIT & RISK COMMITTEE MINUTES

Date	8 March 2021	Duration	2.5 hours
Time	3:00 PM	Location	Video Conference

Attendees	Mr Chris Badger (Audit Committee Chair) Mr Homi Burjorjee Ms Jen Johanson Mr Rick Brown (Administrator member)
Support Staff	Anthony Seabrook: Acting CEO & Director Sustainable Infrastructure, Allison Jones: Director Performance & Innovation, and Acting Director Economic & Community Development, Tracey Costello: Manager Governance; Melissa Baker: Manager Financial Strategy; Michelle Jorgensen: Manager People and Culture; Allan Williams: Procurement Coordinator and Peter Winterburn: Risk Project Officer (Minutes).
Internal Audit	Kathie Teasdale: RSD Audit
External Audit	Sanchu Chummar, Jung Yau: Victorian Auditor General's Office:
Apologies	Kerry Ellis: CEO; Ms Julie Eisenbise (Administrator Observer)
In-Committee Section	Committee received a verbal update from the Acting CEO on Fraud and Corrupt Conduct report (refer Section 1.5 below).
Disclosure of Interest	Ms Jen Johanson as Senior Advisor, RSM Australia - Cyber Security & Privacy Services (part-time executive role); Independent Member of Finance Risk and Audit Committee - Education Services Australia; Audit and Risk Management Committee – IBAC; Finance and Audit Committee - Trinity College, University of Melbourne; Audit and Risk Committee -

Advise of known or potential breaches of legislation	<p>Chief Minister, Treasury & Economic Development Directorate (and Deputy Chair of this Committee)</p> <p>Mr Homi Burjorjee as member on the following audit committees- Knox City Council; Bass Coast Shire Council; and Chair of Cardinia Shire and Office of Public Prosecutions audit committees.</p> <p>Mr Chris Badger as Non – Executive director of Central Gippsland Water, Gippsland Waste and Recovery Group and Gippsland Ports. Chair of Gippsland Waste and Resource Recovery Group Audit, Finance and Risk Committee. Chair of Wellington Shire Council Audit & Risk Committee and Independent Member East Gippsland Shire Council Audit and Risk Committee. Member of CarbonNet Community reference Group. Director CDB Energy/Utility Consultancy</p>
	Refer to In-Committee Section

1. IN CAMERA - CONFIDENTIAL AUDIT & RISK REPORTS

1.1. IN CAMERA COMMITTEE ONLY

In-Camera Committee attendance

1.2. IN CAMERA INTERNAL AND EXTERNAL AUDITORS

In-Camera Committee and Internal and External Auditors

1.3. IN CAMERA COMMITTEE WITH ACTING CEO AND DIRECTOR, PERFORMANCE & INNOVATION

In-Camera Committee with Acting CEO and Director, Performance & Innovation

1.4. VERBAL UPDATE BY CEO: FIDUCIARY RESPONSIBILITIES

Recommendation accepted

That the Audit & Risk Committee have received and noted the verbal update by Acting Chief Executive Officer regarding fiduciary responsibilities within Council for March 2021

1.5. VERBAL REPORT: FRAUD, CORRUPT CONDUCT OR POSSIBLE ILLEGAL ACTS

Recommendation accepted

That the Audit & Risk Committee have received and noted the verbal update by the Manager Governance regarding fraud, corrupt conduct or possible illegal acts

2. PRELIMINARY MATTERS

2.1. WELCOME

2.2. CONFIRMATION OF PREVIOUS MEETING MINUTES

Recommendation accepted

That the minutes of the Audit & Risk Committee held 8 December 2021 be confirmed noting subject to changes incorporated for the Audit and Risk Committee Charter referenced in Item 5.5.

MOVED: Rick Brown

SECONDED: Homi Burjorjee

2.3. ACTIONS ARISING FROM PREVIOUS MINUTES

Report Noted

That the Action Items of the South Gippsland Shire Council Audit & Risk Committee conducted on 8 December 2020 be confirmed.

Action: Management to design a process for ongoing tracking of audit actions and the prioritisation based on risk.

MOVED: Rick Brown

SECONDED: Homi Burjorjee

2.4. ANY OTHER BUSINESS (AOB)

Nil identified

3. AUDIT REPORTS

3.1. VERBAL UPDATE - EXTERNAL AUDIT REPORT – VAGO DATA SCOPE & PLAN

The Audit & Risk Committee received and noted a presentation from VAGO on the strategy for the annual audit of the 2020-21 financial and performance statement, noting that the strategy has been circulated to Committee members immediately prior to the meeting.

Action: Committee Members to review the plan & provide feedback to the A&RC Chair.

MOVED: Homi Burjorjee

SECONDED: Rick Brown

3.2. INTERNAL AUDIT REPORT – PROCUREMENT DATA ANALYTICS

The Audit & Risk Committee received and noted the internal audit report on Data Analysis (Fraud Risk & Procurement).

RSD provided a verbal update noting that the report provided is a final report and that overall the report reflects Councils effort over the past years in further developing its procurement framework and that the data analytics work performed internally is amongst best practice.

MOVED: Jen Johanson

SECONDED: Homi Burjorjee

3.3. INTERNAL AUDIT - QUARTERLY UPDATE AND REGULATORY UPDATE

The Audit & Risk Committee received and noted the Audit Committee Update Report provided by RSD Audit.

MOVED: Rick Brown

SECONDED: Homi Burjorjee

3.4. INTERNAL AUDIT REPORT – INTERNAL AUDIT PLAN

Discussion of the internal audit plan was deferred to June Committee meeting. The Committee noted benchmarking data provided on internal audit programs at like Councils. The Committee noted that upcoming work on risk registers will help drive the future internal audit plan, with focus to be on linking audits to risks, quality of audits rather than quantity and flexibility of the plan to adapt to changing circumstances.

3.5. INTERNAL AUDIT SCOPE REPORT

The Audit & Risk Committee received and noted the audit scopes for the following projects

- IT general controls (finalised scope)
- Waste Management Fees and charges (finalised scope)
- Emergency Management (draft scope)

MOVED: Rick Brown

SECONDED: Jen Johanson

3.6. PERFORMANCE AUDITS

The Audit & Risk Committee received and noted the report on Performance Audits.

MOVED: Rick Brown

SECONDED: Homi Burjorjee

4. REPORTS FOR ENDORSEMENT OR FEEDBACK

4.1. DRAFT ANNUAL BUDGET UPDATE

The Audit & Risk Committee received and noted the report on progress of the preparation of the 2021/22 Draft Budget.

MOVED: Rick Brown

SECONDED: Homi Burjorjee

4.2. PROCUREMENT FRAMEWORK

The Audit & Risk Committee received and noted the report on South Gippsland Shire Council's procurement framework.

The Committee noted the breadth of the report, and wished to acknowledge the improvement within the procurement framework, policy and practises over the past 18 months.

MOVED: Rick Brown

SECONDED: Jen Johanson

4.3. AUDIT AND RISK COMMITTEE CHARTER

The Committee noted that the Audit and Risk Committee discussed the Charter in detail at the December Committee meeting and that actions required for the Charter were captured at that meeting.

MOVED: Rick Brown

SECONDED: Homi Burjorjee

4.4. BIENNIAL AUDIT AND RISK COMMITTEE REPORT TO COUNCIL

The Audit & Risk Committee considered the draft July to December 2020 Audit & Risk Committee Report to Council and endorsed the report subject to one change.

Action: The A&RC Chair to further investigate the requirement for reporting 'findings' and share with the Committee and management for enhancement of future reports.

MOVED: Rick Brown

SECONDED: Jen Johanson

5. REPORTS FOR GENERAL BUSINESS

5.1. QUARTERLY RISK MANAGEMENT REPORT

The Committee received and noted the quarterly risk management report as of February 2021

MOVED: Rick Brown

SECONDED: Homi Burjorjee

5.2. QUARTERLY DIRECTORATE COMPLIANCE REPORT – PERFORMANCE & INNOVATION

The Audit & Risk Committee noted the quarterly Directorate Compliance Report for the Performance and Innovation Directorate.

The Committee received a presentation from the People and Culture Manager on the VAGO report into Sexual Harassment in Local Government

Action: People and Culture to report back to the A&RC in 12 mths of progress on actions at Council in response to the report.

MOVED: Rick Brown

SECONDED: Homi Burjorjee

5.3. INNOVATION AND TECHNOLOGY STRATEGY UPDATE

The Audit & Risk Committee received and noted the presentation on South Gippsland Shire Council's Innovation and Technology Strategy.

The Committee acknowledged the work within the strategy report and welcomed the roadmap(s) for implementation encompassing options to achieve future vision, key decision milestones, timing, risks, resources and budget.

MOVED: Homi Burjorjee

SECONDED: Rick Brown

6. REPORTS FOR NOTING

6.1. FINANCIAL PERFORMANCE REPORT - JULY 2020 TO DECEMBER 2020

The Audit & Risk Committee received and noted the Financial Performance Report July 2020 to December 2020.

MOVED: Jen Johanson

SECONDED: Rick Brown

6.2. LGPRF REPORTING & ORGANISATIONAL PERFORMANCE REPORT - JULY TO DECEMBER 2020

The Audit & Risk Committee received and noted the Local Government Performance Reporting Framework data for July 2020 to December 2020 and the Organisational Performance Report July 2020 to December 2020.

6.3. SIGNIFICANT ACCOUNTING AND EXTERNAL REPORTING ISSUES

Nil items reported.

6.4. COMPLIANCE MATTERS

Nil items reported.

7. MEETING CLOSE

There being no further business, the Audit & Risk Committee Chair thanked SGSC Management and Leadership Team, and declared the meeting closed at 5.30 pm

NEXT MEETING

The next Audit & risk Committee Meeting is scheduled to be held on 8 June 2021.