

SOUTH GIPPSLAND SHIRE COUNCIL

Audit & Risk Committee

11 June 2024

In Person Meeting
Commencing at 9:00 AM

Draft Minutes

AUDIT & RISK COMMITTEE

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

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.



*South Gippsland
Shire Council*

Come for the beauty, Stay for the lifestyle

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The Chief Executive Officer designates that the following agenda items and related documents and associated attachments as open (public) information and are not confidential.

Agenda Items:

- Nil

Minutes of the Previous Meeting

The Chief Executive Officer designates that the Minutes of this 11 June 2024 meeting are confidential information until these Minutes are made public in the Agenda of the next Council Meeting, which is anticipated to be 17 July 2024 .



Kerryn Ellis
Chief Executive Officer

AUDIT & RISK COMMITTEE MINUTES

Date	11 June 2024	Location	Korumburra Community Hub
Time	9:00 AM		

Attendees	Ms Jen Johanson (Audit and Risk Committee Chair) Mr Mick Jaensch Ms Marilyn Kearney Cr Sarah Gilligan Cr Jenni Keerie
Ex-officio Member	Cr Clare Williams (Mayor)
Support Staff	Kerryn Ellis, Chief Executive Officer; Allison Jones, Director Performance & Innovation; Tony Peterson, Director Sustainable Infrastructure; Renae Littlejohn, Director Future Communities; Taryn Abrahamsson, Manager Financial Strategy; Simon Dean, Manager Digital and Technology, Vera Burns, Risk and Procurement Coordinator; Lynn Behmer, Risk & Compliance Officer;
Internal Audit	Crowe Australasia: Andrew Zavitsanos, Cass Pelino
External Audit	Victorian Auditor General's Office: Jung Yau: Audit Manager, Local Government; Travis Derricott, Sector Director
Disclosure of Interest	All officers involved in the preparation of these reports in the Audit and Risk Committee Agenda have considered and determined that they do not have a conflict of interest in the matter.

TABLE OF CONTENTS

1. IN CAMERA - CONFIDENTIAL AUDIT & RISK REPORTS	7
1.1. IN CAMERA COMMITTEE ONLY	7
1.2. IN CAMERA COMMITTEE WITH CEO	7
2. PRELIMINARY MATTERS	7
2.1. WELCOME	7
2.2. ACKNOWLEDGEMENT OF COUNTRY	7
2.3. ATTENDEES	7
2.4. APOLOGIES	7
2.5. DECLARATION OF CONFLICTS OF INTEREST OR DUTIES	8
2.6. CONFIRMATION AND ACTIONS ARISING FROM PREVIOUS MINUTES	9
3. AUDIT REPORTS	9
3.1. VAGO STATUS REPORT	9
3.2. EXTERNAL AUDIT OPEN ACTION ITEMS UPDATE	10
3.3. EXTERNAL AUDIT REPORT - UPDATE ON INTERIM VISIT	10
3.4. INTERNAL AUDIT OPEN ACTION ITEMS	10
3.5. UPDATE ON INTERNAL AUDIT REPORTS	11
4. FINANCIAL AND PERFORMANCE REPORTS	11
4.1. ORGANISATIONAL & FINANCIAL PERFORMANCE REPORT	11
4.2. FINANCIAL YEAR END PREPAREDNESS REPORT	12
5. GOVERNANCE AND COMPLIANCE REPORTS	12
5.1. COMPLIANCE REPORT	12
5.2. FRAUD AND CORRUPTION REPORT (AS REQUIRED)	12
5.3. REVIEW THE SYSTEMS AND PROCESSES FOR MONITORING COMPLIANCE WITH RELEVANT LEGISLATION AND REGULATIONS	13
5.4. REVIEW THE PROCESSES FOR COMMUNICATING COUNCIL'S EMPLOYEE CODE OF CONDUCT	13
5.5. REVIEW ADEQUACY, EFFECTIVENESS AND COMPLIANCE OF INTERNAL CONTROL ENVIRONMENT	14
5.6. REVIEW REIMBURSEMENT OF EXPENSES OF COUNCILLORS AND MEMBERS OF A DELEGATED COMMITTEE	14
5.7. REPORT ON COUNCILLOR & EMPLOYEE GIFTS, BENEFITS & HOSPITALITY	15
5.8. OVERVIEW DRAFT COUNCILLOR TRANSITION PLAN	15
6. RISK REPORTS	16

6.1. QUARTERLY RISK MANAGEMENT REPORT	16
6.2. INSURANCE CLAIMS & UPDATE REPORT	17
6.3. INSURANCE PROGRAM REVIEW PRIOR TO RENEWAL	17
6.4. FRAUD PREVENTION SYSTEM & CONTROLS	17
6.5. POLICY REVIEWS	18
7. GENERAL BUSINESS AND COMMITTEE REPORTS	18
7.1. DIRECTORATE REPORT - SUSTAINABLE INFRASTRUCTURE	18
7.2. REVIEW AUDIT AND RISK COMMITTEE MEETING PERFORMANCE	19
7.3. BI-ANNUAL CHAIR REPORT	19
7.4. ARC WORK PLAN	20
8. OTHER BUSINESS	20
9. MEETING CLOSED	20



Kerry Ellis

Chief Executive Officer

1. IN CAMERA - CONFIDENTIAL AUDIT & RISK REPORTS

1.1. IN CAMERA COMMITTEE ONLY

In-Camera Committee attendance

1.2. IN CAMERA COMMITTEE WITH CEO

In-Camera Committee and Acting Chief Executive Officer attendance

2. PRELIMINARY MATTERS

2.1. WELCOME

Please ensure mobile phones are set to 'silent' during the Meeting.

2.2. ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Bunurong and Gunaikurnai people as the Traditional Custodians of South Gippsland and pay respect to their Elders, past, present, and future, for they hold the memories, traditions, culture, and hopes of Aboriginal and Torres Strait Islander people of Australia.

2.3. ATTENDEES

Attendees	Attendees are as noted above with the exception of any apologies found at Item 2.4
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2.4. APOLOGIES

Apologies	Kerryn Ellis, Chief Executive Officer Rena Littlejohn, Director future communities Vera Burns, Risk and Procurement Coordinator Cass Pelino, Crowe Australasia Travis Derricott, Sector Director Victorian Auditor General's Office
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2.5. DECLARATION OF CONFLICTS OF INTEREST OR DUTIESMs. Jen Johanson

- Independent Member – Audit and Risk Management Committee – IBAC
- Chair – Audit and Risk Committee – Hume City Council
- External Member – Audit and Risk Committee – Bayside City Council
- External Member – Audit and Risk Committee – City of Greater Dandenong
- Independent Member – Audit and Risk Committee – City of Whittlesea
- Independent Member – Audit and Risk Committee – City of Stonnington
- Advisory Board Member – iAM OMNI
- Independent Member – Audit and Risk Committee – Brimbank City Council
- Independent Member – Audit & Risk Committee – City of Melbourne
- Independent Member – Risk Management Committee – Life Without Barriers
- Chair - Finance Risk and Audit Committee - Education Services Australia
- Board Member – Education Services Australia
- Non-Executive Director – Generation Life Limited

Mr Mick Jaensch

- Director – MIK2 Consulting Services
- Non-Executive Director – Southeast Leisure Pty Ltd
- Independent Member – Audit and Risk Committee – West Wimmera Shire Council
- Independent Member – Audit and Risk Committee – Bayside City Council
- Independent Member – Audit and Risk Committee – City of Greater Geelong
- Independent Member – Audit and Risk Committee – Brimbank City Council
- Independent Member – Audit and Risk Committee – Knox City Council
- Consulting – South Gippsland Shire Council – Financial Sustainability Review

Ms Marilyn Kearney

- Chair & Independent Member – Audit and Risk Committee – Maribyrnong City Council
- Independent Member – Audit and Risk Committee – Merri Bek City Council
- Independent Member – Audit and Risk Committee – Mitchell Shire Council
- Independent Member – CEO Employment & Remuneration Committee – Murrindindi Shire Council
- Independent Member – Audit and Risk Committee – Calisthenics Victoria
- Director Finance, Administration & Revenue – Chirnside Park Football Club
- Director Government & Public Services – KPMG
- Independent Member – Audit and Risk Committee – Horsham Rural City Council

2.6. CONFIRMATION AND ACTIONS ARISING FROM PREVIOUS MINUTES

Discussion

The Committee endorsed the Minutes from the previous meeting, with no amendments to note.

Action Items

Nil

Moved: Marilyn Kearney

Seconded: Mick Jaensch

3. AUDIT REPORTS

3.1. VAGO STATUS REPORT

Discussion

VAGO summarised the contents of the report for the Committee and advised that the May report is available and will be circulated out of session.

VAGO discussed the performance of South Gippsland Shire Council, measured against the amalgamated results of all audits across the Local Government sector, commending management for the organisation's overall result.

The Committee thanked VAGO for a comprehensive summary and discussed in detail several of the recommendations.

The Committee also commented that the report paints a picture of the local government sector that is far rosier than the reality.

Action Items

The Committee sought detail on VAGO's recommendation for more training for Councillors and Audit and Risk Committee members and what is required. VAGO took this as a question on notice.

The Committee requested management to consider ways that future reports could be streamlined.

Moved: Cr Sarah Gilligan

Seconded: Cr. Jenni Keerie

3.2. EXTERNAL AUDIT OPEN ACTION ITEMS UPDATEDiscussion

Taken as read.

Action Items

Nil

Moved: Mick Jaensch

Seconded: Marilyn Kearney

3.3. EXTERNAL AUDIT REPORT - UPDATE ON INTERIM VISITDiscussion

VAGO provided the Committee with an update of the interim visit, informing them that there were no new findings. Council's progress on addressing sector findings will be detailed in the final management letter.

VAGO recommends that the valuation process be reviewed to ensure both Councillors and Council Officers have time for review and comment, suggesting that valuation exercises could be conducted six months ahead of the year end audit.

Management thanked VAGO for their suggestions, advising that considerable Officer time has been spent in reviewing processes and reporting and welcomed further continuous improvement ideas.

Action Items

Nil

Moved: Cr. Jenni Keerie

Seconded: Cr. Sarah Gilligan

3.4. INTERNAL AUDIT OPEN ACTION ITEMSDiscussion

The Committee thanked management for their comprehensive responses to Questions on Notice and looks forward to the progress update on the Action Items at the next meeting.

Action Items

Management noted the slight report formatting change requested by the Committee for the next meeting.

Moved: Cr. Jenni Keerie

Seconded: Cr. Sarah Gilligan

3.5. UPDATE ON INTERNAL AUDIT REPORTSDiscussion

Crowe Australasia informed the Committee that the draft report for the recent Procurement Audit has been reviewed by management and returned to Crowe with management comments. The final report is expected to be provided to management within the next couple of weeks and will be tabled at the August 2024 Audit and Risk Committee meeting.

Crowe advised that the Fraud Management and Prevention Audit is currently underway. The Asset Management and Road Management Plan audits are scheduled to run concurrently in August 2024.

The Committee requested that Crowe Australasia commence including risk appetites in future reports.

Action Items

Nil

Moved: Marilyn Kearney

Seconded: Mick Jaensch

4. FINANCIAL AND PERFORMANCE REPORTS**4.1. ORGANISATIONAL & FINANCIAL PERFORMANCE REPORT**Discussion

Management introduced the report that was presented to Council at the meeting held on 15 May 2024, informing the Committee of the pride in the organisation's performance results given the involvement of many staff to address recent storm events.

Action Items

Nil

Moved: Cr. Sarah Gilligan
Seconded: Cr. Jenni Keerie

4.2. FINANCIAL YEAR END PREPAREDNESS REPORT

Discussion

Management introduced the report, outlining the steps and work undertaken. The Committee requested that the recommendation be updated by VAGO to include recognition of the work done by management to meet VAGO's timeframes.

The Committee stated their preference for VAGO to hold the final meeting earlier to allow management to table the report for adoption at an earlier Council meeting than 16 October 2024.

Action Item

VAGO to review their schedule to confirm whether the final meeting can be brought forward. Management will be advised out of session.

Moved: Mick Jaensch
Seconded: Marilyn Kearney

5. GOVERNANCE AND COMPLIANCE REPORTS

5.1. COMPLIANCE REPORT

Discussion

Report taken as read

Action Items

Nil

Moved: Cr. Jenni Keerie
Seconded: Cr. Sarah Gilligan

5.2. FRAUD AND CORRUPTION REPORT (AS REQUIRED)

Discussion

Report taken as read.

Action Items

Nil

Moved: Marilyn Kearney
Seconded: Mick Jaensch

**5.3. REVIEW THE SYSTEMS AND PROCESSES FOR MONITORING COMPLIANCE WITH
RELEVANT LEGISLATION AND REGULATIONS**

Discussion

Report taken as read.

Action Items

Nil

Moved: Cr. Sarah Gilligan
Seconded: Cr. Jenni Keerie

**5.4. REVIEW THE PROCESSES FOR COMMUNICATING COUNCIL'S EMPLOYEE CODE OF
CONDUCT**

Discussion

The Committee thanked management for this report and suggested that this information be incorporated in the annual People and Culture report.

Action Items

Nil

Moved: Mick Jaensch
Seconded: Marilyn Kearney

5.5. REVIEW ADEQUACY, EFFECTIVENESS AND COMPLIANCE OF INTERNAL CONTROL ENVIRONMENT

Discussion

Report taken as read

Action Items

Nil

Moved: Cr. Jenni Keerie

Seconded: Cr. Sarah Gilligan

5.6. REVIEW REIMBURSEMENT OF EXPENSES OF COUNCILLORS AND MEMBERS OF A DELEGATED COMMITTEE

Discussion

The Committee asked for increased insight to outliers in future reports and to work on defining the split between training and advocacy. This will enable the Committee to have a clearer understanding of the report content.

Action Items

Nil

Moved: Marilyn Kearney

Seconded: Mick Jaensch

5.7. REPORT ON COUNCILLOR & EMPLOYEE GIFTS, BENEFITS & HOSPITALITYDiscussion

Report taken as read

Action Items

Nil

Moved: Cr. Sarah Gilligan
Seconded: Cr. Jenni Keerie

5.8. OVERVIEW DRAFT COUNCILLOR TRANSITION PLANDiscussion

Management introduced the report and summarised the framework and process of the Councillor Transition Plan (Plan). A thorough review of the requirements for the 4-month transition period has been undertaken and this is reflected in the Plan.

Management advised the Committee of their intention to produce a condensed version in a booklet for potential councillors.

The Committee complimented management on the quality of the Plan, recognising that South Gippsland Shire Council is seen as a sector leader for this work.

Action Items

Nil

Moved: Mick Jaensch
Seconded: Marilyn Kearney

5.9. ADVICE OF KNOWN OR POTENTIAL BREACHES OF LEGISLATION

Discussion

Report taken as read

Action Items

Nil

Moved: Cr. Jenni Keerie

Seconded: Cr. Sarah Gilligan

6. RISK REPORTS

6.1. QUARTERLY RISK MANAGEMENT REPORT

Discussion

After thanking management for introducing the report, the Committee asked for information on IT Risks and were advised by management that a separate Digital and Technology Risk Register was recently created for capturing operational, cyber and external risks. IT risks for Projects are contained within individual Project Risk Registers.

Management elaborated that a Project Management Office (PMO) is currently being developed and will include gateway points that require approval to move to the next phase, with IT inclusion and consultation as a mandatory step.

The Committee also discussed the emerging risk of staff burnout with increasing workloads, particularly around recurring storm events and appropriate mitigating strategies. Management acknowledged that this is not currently a separate risk although is included in the BCP process.

The Committee noted the increasing maturity in risk reporting and suggested that management start to include risk appetites in future reports.

Action Items

Management to consider whether a specific strategic risk for staff burnout is required.

Management to include risk appetite statements in future reports.

Moved: Marilyn Kearney

Seconded: Mick Jaensch

6.2. INSURANCE CLAIMS & UPDATE REPORT

Discussion

The Committee discussed the claim and trending information in the report and noted that it would be of interest to have a comparison of falls per km of footpath.

The Committee also suggested management consider the process of interaction with claimants by perhaps having more information on the Council website to discourage claims that are not likely to be successful.

Action Items

Management to review the current process.

Moved: Cr. Sarah Gilligan

Seconded: Mick Jaensch

6.3. INSURANCE PROGRAM REVIEW PRIOR TO RENEWAL

Discussion

Report taken as read.

Action Items

Nil

Moved: Mick Jaensch

Seconded: Cr. Jenni Keerie

6.4. FRAUD PREVENTION SYSTEM & CONTROLS

Discussion

Report taken as read.

Action Items

Nil

Moved: Cr. Jenni Keerie

Seconded: Marilyn Kearney

6.5. POLICY REVIEWSDiscussion

Management introduced the report and requested feedback for the The C89 Electronic Surveillance Data Usage Policy and the C98 Grants Giving Policy.

C89 – Electronic Surveillance Data Usage Policy

The Committee suggested that the policy be re-worded to state the optimal requirements by Council in 3rd party relationships, such as VicPol.

The Committee also recommended that an Industrial Relations lawyer review the policy in terms of Council's responsibilities for staff privacy.

C98 – Grants Giving Policy

The Committee recommended that there be more detail on eligibility of independent members, how applications are evaluated and include a statement that Councillors are not involved in the assessment of grant applications. The final recommendations will be presented to Council for a decision.

The Committee commented that eligibility should be focussed on what Council does do instead of what it does not.

Action Items

Management to review the two policies taking into account the Committee's feedback.

Moved: Marilyn Kearney

Seconded: Cr. Sarah Gilligan

7. GENERAL BUSINESS AND COMMITTEE REPORTS**7.1. DIRECTORATE REPORT - SUSTAINABLE INFRASTRUCTURE**Discussion

The Committee thanked Director Sustainable Infrastructure for the informative presentation that showcased the achievements, challenges and opportunities of the Directorate.

Ensuing discussion centred on the challenges faced within the Local Government sector.

Action Items

Management will circulate the Rural Councils Vic LG Financial Sustainability Report to the Committee out of session.

Moved: Cr. Sarah Gilligan

Seconded: Mick Jaensch

7.2. REVIEW AUDIT AND RISK COMMITTEE MEETING PERFORMANCE

Discussion

The Committee commended management on the quality of the Reports and the thorough responses to Questions on Notice.

Action Items

Nil

Moved: Mick Jaensch

Seconded: Cr. Jenni Keerie

7.3. BI-ANNUAL CHAIR REPORT

Discussion

The Bi-Annual Chair Report was accepted by the Committee.

Action Items

Nil

Moved: Cr. Jenni Keerie

Seconded: Marilyn Kearney

7.4. ARC WORK PLAN

Discussion

The Committee asked that an additional item be added to the ARC Work Plan, being the Annual Budget.

Action Item

Management to update the ARC Work Plan with an annual report – Budget and Long Term Financial Plan.

Moved: Marilyn Kearney

Seconded: Cr. Sarah Gilligan

8. OTHER BUSINESS

No other business raised for discussion.

9. MEETING CLOSED

The meeting closed at 11:17am

NEXT MEETING

The next Audit & Risk Committee Meeting is scheduled to be held on 20 August 2024.