

SOUTH GIPPSLAND SHIRE COUNCIL

Audit & Risk Committee

11 March 2025

Meeting Minutes



South Gippsland
Shire Council

Come for the beauty, Stay for the lifestyle

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.

Audit & Risk Committee Confidentiality

Closed Information – not in public interest to be released

The Chief Executive Officer designates Audit & Risk Committee Minutes, Agendas and associated documents (attachments) as 'internal working documents – not to be released without prior Executive approval' in accordance with Council's *Public Transparency Policy (C75)* and is classified as closed (or confidential) information.

The grounds for designation have been made as the information is in draft form and may cause unnecessary confusion if released prior to any formal decision made, or provided by third party suppliers that have contractual rights associated with the information.

Open (Public) Information – not confidential

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 March 2025 Meeting are confidential information until these Minutes are made public in the Agenda of the next Council Meeting, which is anticipated to be 16 July 2025.



Allison Jones,
Interim Chief Executive Officer

AUDIT & RISK COMMITTEE MINUTES

Date	11 March 2025	Location	Meeting Room 2
Time	9:00 AM		

Attendees	<p>Ms Jen Johanson (Audit and Risk Committee Chair) Mr Mick Jaensch Ms Marilyn Kearney Cr Sarah Gilligan Cr Steve Finlay</p>
Ex-officio Member	Cr John Schelling (Mayor)
Support Staff	Allison Jones, Interim Chief Executive Officer, Michelle Jorgensen, Acting Director Performance & Innovation; Tony Peterson, Director Sustainable Infrastructure; Lucas Gardiner, Director Future Communities; Christian Stefani, Acting Director Strategy & Partnerships; Taryn Abrahamsson, Manager Financial Strategy; Simon Dean, Manger Digital and Technology; Vera Burns, Procurement & Assurance Coordinator; Lynn Behmer, Assurance & Compliance Officer; Stephanie Pettau, Financial Accountant, Rhys Matulis, Manager Governance & Integrity
Internal Audit	Crowe Australasia: Andrew Zavitsanos
External Audit	Victorian Auditor General's Office: Chris Wong, Audit Manager, Local Government
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. SCOPE FOR EXTERNAL AUDIT FOR NOTING AND FEEDBACK.....	10
3.3. EXTERNAL AUDIT PREPAREDNESS.....	10
3.4. INTERNAL AUDIT OPEN ACTION ITEMS	11
4. FINANCIAL AND PERFORMANCE REPORTS	11
4.1. ORGANISATIONAL AND FINANCIAL PERFORMANCE REPORT - JULY 2024 TO DECEMBER 2024.....	11
5. GOVERNANCE AND COMPLIANCE REPORTS	12
5.1. COMPLIANCE REPORT.....	12
5.2. ANNUAL PEOPLE AND CULTURE REPORT (INCL. PROCESS FOR COMMUNICATING COUNCIL'S EMPLOYEE CODE OF CONDUCT AND OHS LEGISLATIVE COMPLIANCE).....	12
6. RISK REPORTS	13
6.1. QUARTERLY RISK MANAGEMENT REPORT.....	13
6.2. FRAUD AND CORRUPTION REPORT (AS REQUIRED).....	13
6.3. INSURANCE PROGRAM UPDATE REPORT	14
6.4. BUSINESS CONTINUITY PLAN UPDATE.....	14
6.5. POLICY REVIEWS (OR CIRCULATED OUT OF SESSION).....	14
6.6. CYBER SECURITY REPORT (INCLUDING PROGRESS TOWARDS ESSENTIAL 8).....	15
7. GENERAL BUSINESS AND COMMITTEE REPORTS	15
7.1. DIRECTORATE REPORT - FUTURE COMMUNITIES	15
7.2. REVIEW AUDIT AND RISK COMMITTEE MEETING PERFORMANCE.....	16

7.3. ARC WORK PLAN 16
7.4. ARC ANNUAL SURVEY RESULTS 16
8. OTHER BUSINESS 17
9. MEETING CLOSED 17



Allison Jones

Interim 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 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	As noted above with the exception of the apologies at 2.4.
------------------	---

2.4. APOLOGIES

Apologies	Travis Derricott, Sector Director Victoria Audit General's Office Cass Pellino, Crowe Australasia Rhys Matulis, Manager Governance and Integrity
------------------	--

2.5. DECLARATION OF CONFLICTS OF INTEREST OR DUTIES

Ms. Jen Johanson

- Independent Member – Audit and Risk Management Committee – IBAC
- Chair – Audit and Risk Committee – Hume City Council
- 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
- Board Member – Generation Life Limited
- Board Member – Bank First
- Chair – Audit and Risk Committee – Bank First

Mr Mick Jaensch

- Director – MIK2 Consulting Services
- Non-Executive Director – Southeast Leisure Pty Ltd
- 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
- Chair & Independent Member – Audit and Risk Committee – Horsham Rural Council
- Chair & Independent Member – Audit and Risk Committee – Banyule City Council
- Independent Member – CEO Employment & Remuneration Committee – Murrindindi Shire Council
- Co-Chair – Moonah House, Women’s Community Shelters MPS – Mornington Peninsula
- Governance and Grants Officer – Chirnside Park FNC

2.6. CONFIRMATION AND ACTIONS ARISING FROM PREVIOUS MINUTES

Discussion:

The Committee noted that the minutes of the 17 September 2024 Audit and Risk meeting were reported to Council at the 19 February 2025 Council Meeting.

The Committee endorsed the minutes of the Audit and Risk Committee meeting held on 3 December 2024.

The Committee noted the progress on the Audit and Risk Committee Action Items.

Actions:

Nil

Moved: Marilyn Kearney

Seconded: Cr. Gilligan

3. AUDIT REPORTS

3.1. VAGO STATUS REPORT

Discussion:

The Committee received and noted the VAGO Status Report, noting key information of note –

- Planned performance audit engagements for the Local Government sector, including natural disaster recovery and resilience
- AASB13 Fair Value Measurement amendments
- Areas of audit focus for the 2024-25 audit cycle
- Results of the 2023-24 audits expected February 2025

Actions:

Nil

Moved: Mick Jaensch

Seconded: Cr. Finlay

3.2. SCOPE FOR EXTERNAL AUDIT FOR NOTING AND FEEDBACK

Discussion:

VAGO introduced the report that outlines the planned approach to the audit of the South Gippsland Shire Council financial report and performance statement and relevant acquittals for the financial year ending 30 June 2025.

VAGO was pleased to advise that the document that Council has submitted in preparation for the audit, indicates that management are well prepared.

There was discussion with the Committee on the sector wide concern on the application of the valuation of fair value approach, and that this will be discussed in depth with management as an element of the audit. VAGO further advised that there will be an opportunity for feedback at future workshops.

Actions:

The Committee requested VAGO provide status reports out of session on the issues discussed in the meeting together with the Local Government model that was recently released.

The Year End External Audit Preparedness Report, to be presented at the June meeting, will include where there are any “significant judgements” and assumptions.

Moved: Cr. Finlay

Seconded: Marilyn Kearney

3.3. EXTERNAL AUDIT PREPAREDNESS

Discussion:

Management introduced the report and outlined to the Committee the organisation’s preparedness in advance of the planned 2024/25 financial year end audit to be undertaken by the Victorian Auditor General’s Office (VAGO).

The Committee congratulated management for the planning and work that has already been done in preparation.

The Committee discussed various aspects related to asset valuations including the value of service attached to assets, etc., and received and noted the External Audit Preparedness report.

Actions:

The AASB13 Fair Value Measurement Changes Analysis will be sent to VAGO prior to the Interim Audit.

Moved: Cr. Gilligan
Seconded: Mick Jaensch

3.4. INTERNAL AUDIT OPEN ACTION ITEMS

Discussion:

The Committee discussed the report and provided management with continuous improvement suggestions on its format to provide more clarity on target completion dates, including paying close attention to due dates and providing more information on revised target dates in the cover report.

Management was reminded by the Committee to have confidence in closing out actions where the original action has been completed or exhausted, and not to expand the action beyond the original recommendation.

The Committee will provide examples of report improvements out of session.

Actions:

1. Mick Jaensch to provide report examples to management out of session.
2. Close action item #6084 of the attached report.
3. Align the three milestones with the four points for the Fraud Management Action Item at page 31-32 of the attached report.
4. Management to provide more detailed explanations in reference to extensions of action item due dates and more detail on how action items are tracking in reference to their due date.

Moved: Mick Jaensch
Seconded: Marilyn Kearney

4. FINANCIAL AND PERFORMANCE REPORTS

4.1. ORGANISATIONAL AND FINANCIAL PERFORMANCE REPORT - JULY 2024 TO DECEMBER 2024

Discussion:

The Committee noted that the report for the period July 2024 to December 2024 will be distributed out of session following Council endorsement of the report at the Council meeting being held 19 March 2025. The Committee commented on the length of time between the report date and Council endorsement, to which management agreed to monitor timelines closely for future reports.

Actions:

Nil

Moved: Marilyn Kearney

Seconded: Cr. Finlay

5. GOVERNANCE AND COMPLIANCE REPORTS

5.1. COMPLIANCE REPORT

Discussion:

Report taken as read by the Committee.

Actions:

Nil

Moved: Cr. Gilligan

Seconded: Marilyn Kearney

5.2. ANNUAL PEOPLE AND CULTURE REPORT (INCL. PROCESS FOR COMMUNICATING COUNCIL'S EMPLOYEE CODE OF CONDUCT AND OHS LEGISLATIVE COMPLIANCE)

Discussion:

Management introduced the report and provided an overview of the highlights of 2024 and a summary of the progress for People and Culture's three major strategies –

- Gender Equality Action Plan
- Workforce Management Strategy
- Health, Safety and Wellbeing Strategic Plan

The Committee discussed follow-up actions to the Engagement Survey, and the persistent yet stable challenge of RDO balances with some options for management to consider.

The Committee congratulated management on the report and the positive results of initiatives and programs delivered. Feedback was provided by the Committee on future reports including methodology for measuring success, emerging trends and issues, and providing more insights and themes rather than listing what is being done.

Actions:

Nil

Moved: Cr. Finlay

Seconded: Mick Jaensch

6. RISK REPORTS

6.1. QUARTERLY RISK MANAGEMENT REPORT

Discussion:

Management introduced the report, summarising the processes that have been implemented within the organisation to ensure that all risks are reviewed in a timely manner.

The Committee provided suggestions on ways to improve the readability that will be adopted by management for future reporting.

The Committee received and noted the report.

Actions:

Nil

Moved: Marilyn Kearney

Seconded: Cr. Gilligan

6.2. FRAUD AND CORRUPTION REPORT (AS REQUIRED)

Discussion:

Report taken as read.

Actions:

Nil

Moved: Cr. Gilligan
Seconded: Cr. Finlay

6.3. INSURANCE PROGRAM UPDATE REPORT

Discussion:

Report taken as read.

Actions:

Nil

Moved: Mick Jaensch
Seconded: Marilyn Kearney

6.4. BUSINESS CONTINUITY PLAN UPDATE

Discussion:

Management introduced the report and discussed with the Committee, the various review processes that have been undertaken with various areas identified for improvement following the February 2024 storm event, such as templates, communication details and methods, noting that recovery activities are still ongoing.

The Committee received and noted the report.

Actions:

Nil

Moved: Cr. Finlay
Seconded: Mick Jaensch

6.5. POLICY REVIEWS (OR CIRCULATED OUT OF SESSION)

Discussion:

Taken as read.

Actions:

Management will provide policies that are to be reviewed to the Committee out of session.

Moved: Marilyn Kearney

Seconded: Cr. Gilligan

6.6. CYBER SECURITY REPORT (INCLUDING PROGRESS TOWARDS ESSENTIAL 8)

Discussion:

Management discussed the report, thanking the Committee for their feedback that future reporting to pivot to reporting on goals, deliverable dates and movements against the milestones.

Actions:

Nil

Moved: Mick Jaensch

Seconded: Cr. Gilligan

7. GENERAL BUSINESS AND COMMITTEE REPORTS

7.1. DIRECTORATE REPORT - FUTURE COMMUNITIES

Discussion:

The Director of Future Communities Directorate provided a report to the Committee, detailing the Directorate's responsibilities, current and emerging risks and the mitigation strategies and processes being implemented.

The Committee thanked the Director for a comprehensive report, noting the proactive approach being taken to critical and key risks.

Actions:

Nil

Moved: Cr. Gilligan
Seconded: Marilyn Kearney

7.2. REVIEW AUDIT AND RISK COMMITTEE MEETING PERFORMANCE

Discussion:

The Committee Chair requested feedback from Committee members and management for any thoughts on improvement for future meetings.

Actions:

This report is to be moved to the end of the meeting in future agendas.

Moved: Marilyn Kearney
Seconded: Mick Jaensch

7.3. ARC WORK PLAN

Discussion:

Report taken as read.

Actions:

Nil

Moved: Mick Jaensch
Seconded: Cr. Gilligan

7.4. ARC ANNUAL SURVEY RESULTS

Discussion:

The Committee discussed the 2024 survey results and its comparison against the 2023 survey results.

Overall, the Committee stated that the results were very positive but did highlight training opportunities, such as inductions for new councillor members and a deeper co-operation between external and internal auditors.

The Committee Chair encouraged Committee members to provide any continuous improvement ideas out of session.

Actions:

Jen Johanson to provide information for new member inductions out of session.

Moved: Mick Jaensch

Seconded: Cr. Finlay

8. OTHER BUSINESS

There was no other business for discussion.

9. MEETING CLOSED

The meeting was closed at 11:35am

NEXT MEETING

The next Audit & Risk Committee Meeting is scheduled for 17 June 2025.