



**Southern Grampians**  
SHIRE COUNCIL

# Audit & Risk Committee Minutes

Ordinary Meeting  
19 February 2019

Held at 2.00pm in the  
Martin J Hynes Auditorium  
3 Market Place, Hamilton

	Outcome Sought	Presenter	Tabled
<b>1. MEMBERSHIP</b>			
<b>Members</b>	<i>Noting</i>	<i>M Murphy</i>	<i>Verbal</i>
Mr Michael Murphy OAM – Chair			
Mr Brian Densem			
Cr Mary Ann Brown – Mayor			
Cr Colin Dunkley			
<b>Attending</b>			
Mr Michael Tudball – Chief Executive Officer			
Ms Evelyn Arnold – Director Community & Corporate Services			
Ms Belinda Johnson – Manager Finance			
Mr Jason Cay – Finance Co-Ordinator			
Mr Darren Barber – Manager Organisational Development			
<b>Minutes</b>			
Ms Nadine Rhook – Executive Assistant – Director Community & Corporate Services			
<b>2. WELCOME</b>			
<b>3. APOLOGIES</b>			
<b>4. CONFLICT OF INTEREST</b>			
<b>5. CONFIRMATION OF MINUTES</b>			
Confirmation of Minutes: Audit & Risk Committee meeting – 27 November 2018	<i>Confirmation</i>	<i>Chair</i>	<i>Attachment</i>
<b>6. MATTERS ARISING FROM THE PREVIOUS MINUTES</b>			
6.1 Summary Table of Outstanding Matters	<i>Information</i>	<i>B Johnson</i>	<i>Attachment</i>
6.2 Segregation of roles in Civica	<i>Information</i>	<i>B Johnson</i>	<i>Attachment</i>
6.3 Council's Procurement Policy & Guidelines	<i>Decision</i>	<i>B Johnson</i>	<i>Attachment</i>
<b>7. STANDING ITEMS</b>			
7.1 Flood Recovery	<i>Information</i>	<i>M Tudball</i>	<i>Attachment</i>
7.2 Progress Report of Current Actions (Interplan) – External Audit	<i>Information</i>	<i>B Johnson/E Arnold</i>	<i>Attachment</i>
7.3 Progress Report of Current Actions (Interplan) – Business Continuity Plan	<i>Information</i>	<i>D Barber</i>	<i>Attachment</i>
7.4 Progress Report of Current Actions (Interplan) –	<i>Information</i>	<i>B Johnson</i>	<i>Attachment</i>

	Outcome Sought	Presenter	Tabled
<b>Contract Management</b>			
7.5 Financial Report – Standard Statements	<i>Information</i>	<i>J Cay</i>	<i>Attachment</i>
7.6 Internal Audit Progress – Overall	<i>Information</i>	<i>E Arnold</i>	<i>Attachment</i>
• Draft Scope - Waste Management - Landfill			
7.7 Reports Released by Other Government Agencies	<i>Information</i>	<i>B Johnson</i>	<i>Report</i>
7.8 Implementation of Local Government Act	<i>Information</i>	<i>D Barber</i>	<i>Attachment</i>
<b>8. BUSINESS FROM THE ANNUAL SCHEDULE</b>			
8.1 OHS Report	<i>Information</i>	<i>D Barber</i>	<i>Attachment</i>
8.2 Review External Auditors proposed Audit Strategy	<i>Information</i>	<i>B Johnson</i>	<i>Attachment</i>
<b>9. GENERAL BUSINESS</b>			
9.1 2019 Annual Plan – Confirmation of ARC Meeting Dates	<i>Decision</i>	<i>E Arnold</i>	<i>Attachment</i>
9.2 Benchmarking Data	<i>Information</i>	<i>B Johnson</i>	<i>Attachment</i>
<b>10. COMMITTEE IN CAMERA</b>			
<b>11. NEXT MEETING</b>			

## 1. Attendance

### Members

Mr Michael Murphy OAM – Chair

Mr Brian Densem

Cr Mary Ann Brown – Mayor

Cr Colin Dunkley

### Officers

Mr Michael Tudball – Chief Executive Officer

Ms Evelyn Arnold – Director Community & Corporate Services

Ms Belinda Johnson – Manager Finance

Mr Darren Barber – Manager Organisational Development

Ms Karly Saunders – Governance Officer

### Guest

Mr Chris Kol - McLaren Hunt Financial Group

### Minutes

Mrs Nadine Rhook – Executive Assistant – Director Community & Corporate Services

## 2. Welcome - Chair

The Chair declared the meeting open and welcomed all to the meeting especially Chris Kol from McLaren Hunt Financial Group and Karly Saunders, Council's Governance Coordinator.

*As confirmed with the Chair, Chris Kol is to present his item after the procedural matters – Item 8.2 – Review of External Auditors proposed Audit Strategy due to work commitments. Following this, the meeting will deal with the remaining items in Agenda order.*

## 3. Apologies

Mr Jason Cay – Finance Coordinator

## 4. Conflict of Interest

Mr Mick Murphy – Wannan Water

Mr Brian Densem – Chair of Glenelg Hopkins CMA Audit & Risk Committee

## 5. Confirmation of Minutes

Minutes of the meeting held on 27 November 2018 have been circulated.

These unconfirmed minutes were presented to Council at the Ordinary Monthly Meeting held on Wednesday 12 December 2018.

**RECOMMENDATION**

That the Minutes of the Ordinary Meeting of the Audit & Risk Committee held on 27 November 2018 be confirmed as a correct record of business transacted.

It should be noted that the next ordinary meeting of the Audit & Risk Committee is to be confirmed for 9 April 2019.

**Moved: Cr Brown**

**Seconded: Cr Dunkley**

**CARRIED**

**ACTION/AGREEMENT**

It should be noted that Excess Annual Leave Balances are to be a Standing Item on the Agenda with what actions have been taken to those outstanding items outside the EBA.

It was requested that at the next meeting when the quantum of the leave balances are discussed, that the process around the management of the excess leave also be explained.

**NOTED**

*Mr Kol presented Item 8.2 - Audit Strategy first at 2.13pm*

**6.1 Summary Table of Outstanding Matters**

**Author: Belinda Johnson**

**Attachments: Summary Table of Outstanding Matters**

**Executive Summary**

At the last meeting of ARC on 27 November 2018, it was requested that a table be prepared of items that have been raised at previous ARC meetings, but not yet addressed.

<b>ACTION/AGREEMENT</b>
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**THAT** a column be added to state the item be recommended to stay Open or recommending to Close and this to be a Standing Item on the Agenda.

**THAT** this item be noted.

**NOTED**

**6.2 Segregation of Roles in Civica**

**Author:** Belinda Johnson & Roger Rook (System Analyst)  
**Attachments:** Nil

**Executive Summary**

The Council implemented a new accounting system, CIVICA, in October 2013. The system has the ability to allocate roles and access levels to staff to ensure segregation of duties is maintained.

**ACTION/AGREEMENT**

**THAT** we ask the External Auditors, as part of the May Interim Audit, to make comment in the Interim Management Letter on progress made on this item.

**THAT** this item be noted.

**NOTED**

**6.3 Council's Procurement Policy & Guidelines**

**Author:** Belinda Johnson  
**Attachments:** Nil

**Executive Summary**

The Procurement Policy and Guidelines are required by the Local Government Act to be reviewed on an annual basis. Consultation with stakeholder's occurred in the first half of 2018 and the updated policy was adopted by Council at its meeting on August 8<sup>th</sup> 2018.

**ACTION/AGREEMENT**

**THAT** Mr Tudball provide assurance to the Committee (from time to time) that breaches of the Procurement Policy are being reported and addressed accordingly.

**THAT** Council continue to develop a "compliance framework" to enable reporting on the mandatory requirements of Legislation and Policy as applicable to the organisation.

**THAT** this item be noted.

**NOTED**



**7.1 Flood Recovery**

**Author: Michael Tudball**  
**Attachments: Category C Project Update & Flood Reconciliation December 2018**

**Executive Summary**

A summary of Category C Projects & funding and the Flood Reconciliation December 2018 was presented for information.

**ACTION/AGREEMENT**

**THAT** this item be noted.

**NOTED**

**7.2 Action & Task Report – External Audit**

**Author: Belinda Johnson**

**Attachments: Action & Task Summary Report – External Audit**

**Executive Summary**

This is a priority report which will be continually monitored and updated and will be discussed at each Audit & Risk Committee meeting.

A summary of the Action & Task Report is presented here for discussion.

**ACTION/AGREEMENT**

**THAT** the Committee note the Audit & Risk Committee Action & Task Summary Report – External Audit as presented

**NOTED**

**7.3 December Quarter 2018 Action & Task Report**

**Author:** Darren Barber  
**Attachments:** December Quarter Action & Task Summary Report – Business Continuity Plan

**Executive Summary**

This is a priority report which will be continually monitored and updated for discussed at each Audit & Risk Committee meeting.

A copy of the December quarter Action & Task Summary Report for the Business Continuity Plan is presented for discussion.

**ACTION/AGREEMENT**

**THAT** the Committee note the December Quarter Action & Task Summary Report – Business Continuity Plan as presented.

**NOTED**

**7.4 2018 Action & Task Report – Contract Management**

**Author: Belinda Johnson**

**Attachments: Action & Task Summary Report – Contract Management**

**Executive Summary**

This is a priority report which will be continually monitored and updated and will be discussed at each Audit & Risk Committee meeting.

A copy of the Action & Task Summary Report for the Contract Management Plan is presented here for discussion.

**ACTION/AGREEMENT**

**THAT** the Committee note the Action & Task Summary Report – Contract Management Plan as presented.

**NOTED**

**7.5 Financial Report – Standard Statements**

**Author: Belinda Johnson**  
**Attachments: Financial Statements**

**Executive Summary**

Interim Financial reports for the period ended 31 December 2018 and 31 January were presented for information.

These reports were presented to Council at its ordinary meeting on 13 February 2019.

**ACTION/AGREEMENT**

**THAT** the Committee note the Financial Statements as presented.

**NOTED**

**7.6 Internal Audit Progress - Overall**

**Author:** Evelyn Arnold  
**Attachments:** Draft Scope – Waste Management – Landfill

**Executive Summary**

A key priority of Council and the Audit and Risk Committee was the appointment of Internal Auditors. It was seen as a crucial part of the continuous improvement process as well as providing an independent review of key internal controls and procedures.

**ACTION/AGREEMENT**

**THAT** the Committee note the verbal update of the Internal Audit Progress.

**NOTED**

**THAT** the Draft Scope - Waste Management include the compliance reviews and other legislated documentation reviews.

**THAT** Council maintain a spreadsheet to show the projects being scheduled, due dates and actuals date completed.

**THAT** Council survey the Auditees to gauge their value and engagement. Mr Densem to provide a survey template.

**THAT** the Committee endorse the Draft Scope – Waste Management – Landfill subject to the addition of compliance reviews and legislated documentation to be included, as presented.

**Moved: Cr Brown**  
**Seconded: Mr Densem**

**CARRIED**

**7.7 Government Agencies**

**Author: Belinda Johnson**  
**Attachments: Nil**

**Executive Summary**

Many government agencies develop and publish reports which impact on local government. There are five agencies in particular whose reports often directly impact local government. These are:

- Victorian Auditor General's Office (VAGO)
- Independent Broad-based Anti-corruption Commission (IBAC),
- Victorian Local Government Inspectorate,
- Victorian Ombudsman, and
- Essential Services Commission.

**ACTION/AGREEMENT**

**THAT** the Committee acknowledges the reports as presented.

**NOTED**

**7.8 Implementation of Local Government Act**

**Author:** Darren Barber  
**Attachments:** LPro - Local Government Act Briefing

**Executive Summary**

Local Government Victoria has carried out a comprehensive review of the Local Government Act 1989, with contributions from councils and the community. The Local Government Act review was the first comprehensive review of the Local Government Act 1989 since it was introduced. The review has been informed by extensive and deep engagement with councils, ratepayers, the wider community, experts and stakeholders.

The review resulted in the Local Government Bill 2018 being introduced into Parliament on 23 May 2018.

**ACTION/AGREEMENT**

**THAT** the information provided, be noted.

**THAT** the Local Government Act section regarding Audit & Risk Committees is circulated to the Committee prior to the April meeting and to be an Agenda Item for the April meeting.

**NOTED**



**8.1 OHS Report**

**Author:** Darren Barber  
**Attachments:** OHS Report

**Discussion**

The Health and Safety report was tabled and is the first version produced from the new Elumina Health and Safety digital management system.

The report is designed to inform the Executive, Audit and Risk Committee and Health and Safety committee on health and safety performance.

We intend refining the document as the ability to report out of the digital system improves. Any feedback from Audit and Risk committee members on the report content and structure would be greatly appreciated

**ACTION/AGREEMENT**

**THAT** the committee accept the attached report for noting.

**THAT** the OHS Report be noted as a Standing Agenda item for information to the Committee.

**NOTED**

**8.2 Audit Strategy**

**Author: Belinda Johnson**  
**Attachments: Audit Strategy**

**Executive Summary**

As part of preparation of the 2018/19 Audit Process, an Audit Strategy is prepared by the Victorian Auditor General's Office.

**ACTION/AGREEMENT**

**THAT** the 2018/19 Audit Strategy be noted.

**NOTED**

*Mr Kol left the meeting at 2.22pm.*

**9.1 2019 Annual Plan – Confirmation of ARC Meeting Dates**

**Author:** Evelyn Arnold  
**Attachments:** 2019 Annual Plan

**Executive Summary**

The ARC Annual Plan including Committee meeting dates is presented here for endorsement. This plan follows previous year’s plans and is linked to the Audit and Risk Committee Charter.

**ACTION/AGREEMENT**

<b>ARC Meeting Date</b>	<b>Proposed Meeting Date</b>	<b>Reason</b>
Tuesday 9 April 2019	Tuesday 16 April 2019	Mr. Murphy is unable to attend – the group agreed to 16 April 2019.
Tuesday 20 August 2019	Tuesday 20 August 2019	Agreed
Tuesday 10 September 2019	Tuesday 3 September 2019	Mr Densem is unable to attend this date - the group agreed to 3 September 2019
Tuesday 12 November 2019	Tuesday 12 November 2019	Agreed

**THAT** the Committee agree to the amended Audit & Risk Committee meeting dates in the 2019 Annual Plan as presented and Ms Rhook to update in calendars.

**NOTED**

**9.2 Annual Sustainability Benchmarking Presentation**

**Author: Belinda Johnson**  
**Attachments: Sustainability Presentation**

**Executive Summary**

Each year as part of Budget preparations, Council is provided with information pertaining to its financial performance within the Sector.

**ACTION/AGREEMENT**

**THAT** the Committee note the Sustainability Presentation

**THAT** the Committee discussed the underlying result summary for the municipality as presented and expressed some concerns that they wish to consider further in conjunction with Council going forward.

**NOTED**

## Other General Business

<b>ACTION/AGREEMENT</b>
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Cr Brown advised the Committee that she would like to refer the Councillors Expenses Policy to the ARC Committee and to receive their feedback at the April meeting.

## 10 Committee in Camera

Nil

## 11 Next Meeting

The next quarterly meeting is scheduled for Tuesday 16 April 2019 commencing at 2.00pm in the Martin J Hynes Auditorium.

**Meeting closed 4.03pm.**