



Southern Grampians
SHIRE COUNCIL

Audit & Risk Committee Minutes

Ordinary Meeting
12 November 2019

held at 1.30pm in the
Martin J Hynes Auditorium
3 Market Place, Hamilton

	Outcome Sought	Presenter	Tabled
1. MEMBERSHIP			
Members			
Mr Michael Murphy OAM – Chair	<i>Noting</i>	<i>Chair</i>	<i>Verbal</i>
Mr Brian Densem			
Cr Mary Ann Brown – Mayor			
Cr Colin Dunkley			
Attending			
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			
Minutes			
Ms Nadine Rhook – Executive Assistant – Director Community & Corporate Services			
2. COMMITTEE IN CAMERA			
3. WELCOME			
4. APOLOGIES			
5. CONFLICT OF INTEREST			
6. CONFIRMATION OF MINUTES			
6.1 Confirmation of Minutes: Audit & Risk Committee meeting – 4 September 2019	<i>Confirmation</i>	<i>Chair</i>	<i>Attachment</i>
7. MATTERS ARISING FROM THE PREVIOUS MINUTES/ACTION LOG			
7.1 Summary Table of Outstanding Matters	<i>Noting</i>	<i>B Johnson</i>	<i>Attachment</i>
8. EXTERNAL AUDIT			
8.1 Final Management Letter and Closing Report for 2018/19	<i>Noting</i>	<i>B Johnson</i>	<i>Attachment</i>
8.2 External Audit – Progress of Outstanding Items	<i>Noting</i>	<i>B Johnson</i>	<i>Attachment</i>
9. INTERNAL AUDIT			
9.1 Internal Audit – Overall Progress	<i>Noting</i>	<i>D Barber /RSD Audit</i>	<i>Attachment</i>
9.2 Internal Audit – Asset Management & Road Maintenance – Final Report	<i>Decision</i>	<i>RSD Audit/D Moloney</i>	<i>Attachment</i>

9.3 Progress Report of Completed Internal Audit Actions (Interplan) – *Noting* *D Barber* *Attachment*

- Business Continuity Plan
- Customer Service & Complaints
- Contract Management
- Risk Management
- Waste Management

10. STANDING ITEMS

10.1 Implementation of Local Government Act *Information* *D Barber/K Saunders* *Verbal*

10.2 Compliance Framework *Noting* *D Barber/K Saunders* *Report*

10.3 OHS Report *Noting* *D Barber/M Shanahan* *Attachment*

10.4 Risk Management Framework *Information* *D Barber/K Winderlich* *Report*

10.5 VAGO Report – Fraud & Corruption Control – Local Government *Information* *D Barber/K Saunders* *Report*

11. BUSINESS FROM THE ANNUAL SCHEDULE

11.1 Review of Workcover Insurance *Information* *D Barber* *Report*

11.2 Draft ARC Charter *Decision* *D Barber* *Attachment*

11.3 2018/19 ARC Chair Report *Information* *Chair* *Attachment*

11.4 Draft ARC Annual Plan 2020 *Decision* *D Barber* *Attachment*

11.5 Council's Procurement Policy & Guidelines *Decision* *B Johnson/J Cay* *Attachment*

12. GENERAL BUSINESS

12.1 2018/19 Councillors Expense Report *Information* *K Saunders* *Report*

13. NEXT MEETING

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
Mr Darren Barber – A/Director Community & Corporate Services
Ms Belinda Johnson – Manager Finance
Mr Jason Cay – Finance Coordinator
Ms Nikki Sutherland – A/Manager Organisational Development
Mr David Moloney – Director Shire Infrastructure
Ms Kara Winderlich – Risk Management Coordinator
Mr Mike Shanahan – Health & Safety Coordinator
Ms Karly Saunders – Governance Coordinator

Minutes

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

Guests

Ms Kathie Teasdale - RSD Audit
Mr Paul Harrison – RSD Audit

2. Committee in Camera

3. Welcome - Chair

Welcome all and especially to Ms Teasdale & Mr Harrison from RSD Audit. Each person introduced themselves to the group.

The Chair requested the Committee in Camera with the Internal Auditors be a standing item for future meetings and to be held at 1.30pm then Committee members can join the formal meeting at 2.00pm.

The Chair also thanked Mr Densem for Acting as Chair for the 4 September 2019 ARC Meeting.

Mr Tudball, Ms Johnson, Mr Barber, Mr Cay, Ms Sutherland and Ms Rhook left the meeting at 1.35pm and re-entered the meeting at 1.51pm.

4. Apologies

Ms Evelyn Arnold – Director Community & Corporate Services

5. Conflict of Interest

Mr Mick Murphy – Wannan Water
Mr Brian Densem – Chair of Glenelg Hopkins CMA Audit & Risk Committee

6. Confirmation of Minutes

Minutes of the meeting held on 4 September 2019 have been circulated.

These unconfirmed minutes were presented to Council at the Ordinary Monthly Meeting held on Wednesday 9 October 2019.

RECOMMENDATION

That the Minutes of the Ordinary Meeting of the Audit & Risk Committee held on 4 September 2019 be confirmed as a correct record of business transacted.

It was resolved that the Minutes of the Ordinary Meeting of the Audit & Risk Committee held on 4 September 2019 were confirmed as true and correct record of business transacted, subject to the minor amendment above.

Moved: Cr Brown

Seconded: Cr Dunkley

CARRIED

7.1 Summary Table of Outstanding Matters

Author: Belinda Johnson

Attachments: Summary Table of Outstanding Matters

RECOMMENDATION

THAT the Committee moved to resolve to close the three items listed on the Summary Table.

Moved: Mr Densem

Seconded: Cr Brown

CARRIED

8.1 External Audit – Final Management Letter and Closing Report 2018/19

Author: Belinda Johnson
Attachments: Final Management Letter and Closing Report 2018/19

ACTION/RECOMMENDATION

There was some discussion around the condition assessment of roads item from the Management Report and around the rolling process of valuation of assets and whether the cycle should be 3 or 5 years.

Council currently engages a professional consultant to do condition assessments every 3 years on the sealed road assets and some other classes. A full valuation is also carried out in the same year. This process has been in place for many years and the quality of condition data is of a high standard.

The financial management practices and valuation cycles (including the introduction of indexing if deemed appropriate) with the review of the Accounting for Assets Policy will occur in coming months in line with a recommendation from the Internal Audit on Asset Management and Road Maintenance – Refer Item 9.2.

THAT the Committee note the Final Management Letter and Closing Report as presented.

NOTED

8.2 External Audit - Progress Report of Current Actions

Author: Belinda Johnson
Attachments: Progress Report of Current Actions - External Audit – Excel Spreadsheet

ACTION/RECOMMENDATION

THAT the Committee note the Progress of Current Actions.

NOTED

9.1 Internal Audit Progress - Overall

Author: Evelyn Arnold
Attachments: Internal Audit Updates & Timeframes

ACTION/RECOMMENDATION

THAT for future Internal Audits, RSD Audit provide a timeframe on when comments/feedback is required to improve the timeframe process.

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

NOTED

Mr Moloney entered the meeting at 2.15pm. Welcome.

9.2 Internal Audit Progress – Asset Management & Road Maintenance – Final Report

Author: David Moloney

Attachments: Asset Management & Road Maintenance – Final Report

ACTION/RECOMMENDATION

There was discussion around the Condition of Assessments of Roads as per Item 8.1 and whether Council was looking at a 5 year cycles for assessment of roads.

Auditing standards enforced a three year valuation cycle many years ago which has now been discontinued. There are now many options for carrying out condition assessments and no need to align the condition assessment with the valuation process.

Mr Moloney and his Management Team will be attending a meeting with the neighbouring Great South Coast Councils in February 2020 to discuss Asset Management and Road Maintenance to look at what is happening regionally.

THAT the Committee endorse the Asset Management & Road Maintenance – Final Report.

THAT the tasks outlined be entered into Interplan for monitoring and reporting.

Moved: Cr Brown

Seconded: Mr Densem

CARRIED

Mr Moloney left the meeting at 2.40pm

Ms Saunders entered the meeting at 2.41pm and presented Items 10.1, 10.2, 10.5 and 12.1

9.3 Progress Report of Completed Internal Audit Actions (Interplan)

Author: Darren Barber

Attachments: Interplan Reports - Various

ACTION/RECOMMENDATION

THAT the Committee note the attached Interplan reports for the following:

- Business Continuity Plan
- Customer Service & Complaints
- Contract Management.
- Risk Management
- Waste Management

ACTION: The Committee requested additional information be updated on the Waste Management Report for the next meeting.

NOTED

10.1 Implementation of Local Government Act

Author: Darren Barber
Attachments: Nil

ACTION/RECOMMENDATION

THAT the Committee note the update on this item.

NOTED

10.2 Compliance Framework

Author: Karly Saunders
Attachments: Compliance Framework

ACTION/RECOMMENDATION

The Committee discussed reporting, and agreed it should be on the basis of exception, and noted the CEO would attest compliance on an annual basis.

THAT the Committee approve the Compliance Framework document and recommend to Council.

Moved: Cr Brown
Seconded: Cr Dunkley

CARRIED

Item 10.5 was discussed after this item.

Ms Saunders left the meeting and Mr Shanahan entered the meeting at 3.10pm

10.3 OHS Report

Author: Mike Shanahan / Darren Barber
Attachments: OHS Report

ACTION/RECOMMENDATION

ACTION: Mr Shanahan informed the Committee that hazard reporting has increased significantly due as a result of a strong education program.

THAT the Committee accept the attached report for noting.

NOTED

Mr Shanahan left the meeting and Ms Winderlich entered the meeting at 3.24pm

10.4 Risk Management Framework

Author: Kara Winderlich
Attachments: Risk Management Framework

ACTION/RECOMMENDATION

THAT the Committee note the Risk Management Framework as an action from the Risk Management internal audit

NOTED

Item 11.1 was discussed after this item.

10.5 VAGO Report – Fraud and Corruption Control - Local Government

Author: Karly Saunders
Attachments: SGSC Review of VAGO Report Recommendations

ACTION/RECOMMENDATION

THAT this item be noted.

NOTED

Item 12.1 was discussed after this item.

11.1 Review of Workcover Insurance

Author: Darren Barber
Attachments: Nil

ACTION/RECOMMENDATION

THAT the Committee accept the attached WorkCover Insurance Review for noting.

NOTED

11.2 Draft Audit & Risk Committee Charter

Author: Darren Barber
Attachments: Draft Audit & Risk Committee Charter

ACTION/RECOMMENDATION

THAT the Committee endorse the amended Audit & Risk Committee Charter as presented to Council for adoption.

Moved: Mr Densem
Seconded: Cr Dunkley

CARRIED

11.3 - 2018/19 ARC Chair Report

Author: Belinda Johnson
Attachments: 2018/19 ARC Chair Report

ACTION/RECOMMENDATION

ACTION: Include the RSD Audit Internal Audit Progress Report - Projects from 2017- 2020 that show completed and to be completed projects. Six have been completed and there are three pending.

THAT the Committee endorse the Audit & Risk Committee Annual Report of Operations for 2018/2019 and request it to be tabled at Council Briefing on Wednesday 11 December 2019.

Moved: Cr Brown
Seconded: Mr Densem

CARRIED

11.4 Draft ARC Annual Plan 2020

Author: Darren Barber
Attachments: Draft ARC Annual Plan 2020

ACTION/RECOMMENDATION

ACTION: THAT the 10 November 2020 meeting be rescheduled due the Declaration of the Polls meeting the week before.

ACTION: THAT the schedule be amended to ensure ARC meetings are not on the weeks of Council Briefing and Meetings.

ACTION: THAT a February meeting be added.

ACTION: THAT the planned meetings remain on a Tuesday that suit all Committee members.

ACTION: Take under advisement regarding Penetration Testing/Cyber Security and report back to the Committee on a yearly basis.

ACTION: Carry the Draft Annual Plan 2020 over and endorse the principles as noted and circulate once finalised.

NOTED

11.5 Review of Council's Procurement Policy & Guidelines

Author: Jason Cay
Attachments: Council's Procurement Policy & Guidelines

ACTION/RECOMMENDATION

THAT the Committee note the discussion and recommend the documents to Council for their final consideration.

Moved: Cr Dunkley
Seconded: Mr Densem

CARRIED

12.1 2018/19 Councillor Expenses Report

Author: Darren Barber
Attachments: Councillor Expenses Report

ACTION/RECOMMENDATION

THAT the Committee note the Councillor Expense Report as presented.

NOTED

Item 10.3 was discussed after this item.

ACTION: The current Internal Audit contract with RSD Audit expires in April 2020, Council to start looking at the process of extending their contract or advertise for a new tender.

A Program of Works will be required by 1 July 2020 by the appointed Internal Auditor.

Ms Teasdale and Mr Harrison left the meeting due to a conflict of interest at 4.16pm.

13. Next Meeting

The next quarterly meeting is scheduled for Tuesday 26 May 2020 commencing at 1.30pm in the Martin J Hynes Auditorium.

ACTION: Subject to confirming all member diaries and meeting dates, the next meeting will be held in February 2020.

ACTION: Circulate a copy of the ARC Charter once it has been endorsed by Council.

As per discussion with the Chair following this meeting, the Committee in Camera session will now be held at the conclusion of future meetings.

Meeting closed - 4.23pm