

SOUTH GIPPSLAND SHIRE COUNCIL

Audit & Risk Committee

5 March 2024

Meeting Room 1
Held at 9:00 AM

Draft 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 5 March 2024 are confidential information until these Minutes are made public in the Agenda of the next Council Meeting, which is anticipated to be 17 April 2024.



Kerryn Ellis
Chief Executive Officer

AUDIT & RISK COMMITTEE AGENDA

Date Time	5 March 2024	Location	Meeting Room 1 Council Chambers and via Video Conference
	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; Vera Burns and Karina Strybosch, Risk and Procurement Coordinators; Lynn Behmer, Risk & Compliance Officer; Michelle Jorgensen, Manager People & Culture; Simon Dean, Manager Digital & Technology.
Internal Audit	Crowe Australasia: Andrew Zavitsanos, Cass Pelino, Adam Black
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.

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Kerryn Ellis

Chief Executive Officer

1. IN CAMERA - CONFIDENTIAL AUDIT & RISK REPORTS

1.1. IN CAMERA COMMITTEE ONLY

1.2. IN CAMERA COMMITTEE WITH DIRECTOR PERFORMANCE & INNOVATION

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

2.4. APOLOGIES

Apologies

Mayor Cr Clare Williams
Kerryn Ellis - Chief Executive Officer
Cass Pelino – Crowe Australasia

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
- 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
- Board Member – 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
- Treasurer – Chirnside Park Football Club
- Independent Member – Audit and Risk Committee – Horsham Rural City Council

2.6. CONFIRMATION AND ACTIONS ARISING FROM PREVIOUS MINUTES

Discussion

The Previous Minutes were taken as read.

Management have noted the Committee's request for some formatting changes to the Open Action Items Report.

Action Items

Management to table re-formatted reports in future Agendas.

Moved: Marilyn Kearney

Seconded: Mick Jaensch

3. AUDIT REPORTS

3.1. VAGO STATUS REPORT

Discussion

VAGO provided a summary of the FY22-23 Report that will be tabled in Parliament next week. The report will provide trending information across 79 councils and include recommendations for Council Finance teams and Audit and Risk Committees. These recommendations will be included in the Final Management Letters for this financial year.

Action Items

Nil

Moved: Cr. Jenni Keerie

Seconded: Marilyn Kearney

3.2. EXTERNAL AUDIT PREPAREDNESS

Discussion

Management introduced the report, thanking VAGO for accommodating Council's request for an earlier audit date.

Management advised the Committee that significant work is underway in preparation for the upcoming VAGO Audit, noting the continuous improvement items discussed with VAGO late last year.

In relation to determining Fair Value Assessments, the Committee recommended considering the Asset Condition Reports undertaken on a three-yearly cycle, together with community use.

Action Items

The Committee requested that annual tabling of the Three Yearly Condition Report with management comments be added to the workplan.

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

3.3. EXTERNAL AUDIT OPEN ACTION ITEMS UPDATE

Discussion

Taken as read.

VAGO provided the Committee with an update on key risk areas and advised that new indicators have been added to the Performance Statement that will be reviewed in the next Audit.

Action Items

Nil

Moved: Mick Jaensch
Seconded: Cr. Sarah Gilligan

3.4. INTERNAL AUDIT OPEN ACTION ITEMS

Discussion

Taken as read.

Management have noted the Committee's request for some formatting changes to the Report.

Action Items

Management to table re-formatted reports in future Agendas.

Moved: Marilyn Kearney
Seconded: Mick Jaensch

3.5. REVIEW INTERNAL AUDIT REPORTS

Discussion

Invited by the Committee for comment, the Internal Auditor summarised the findings and recommendations of the recent Essential 8 Cyber Security audit, recognising areas where the organisation performs well and areas for improvement.

Management advised that the Audit results were comprehensive and that there is a keenness to enact the Recommendations.

The Committee thanked the Internal Auditor, commenting that the Recommendations are an excellent road map for progress. However, it was noted that to achieve these aims, resourcing and budget needs to be considered.

Action Items

The Committee requested a regular update every six months, being a broad cyber security report that includes progress towards Essential 8.

Moved: Cr. Jenni Keerie
Seconded: Marilyn Kearney

4. FINANCIAL AND PERFORMANCE REPORTS

4.1. ORGANISATIONAL & FINANCIAL PERFORMANCE REPORT

Discussion

Once the report has been tabled at the Council Meeting scheduled for 20 March 2024, it will be circulated out of session to the committee.

Action Item

Report to be circulated out of session.

The Committee will send any comment to Management following receipt of the Report.

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

5. GOVERNANCE AND COMPLIANCE REPORTS

5.1. COMPLIANCE REPORT

Discussion

Taken as read.

Action Item

Nil

Moved: Cr. Sarah Gilligan
Seconded: Mick Jaensch

5.2. FRAUD AND CORRUPTION REPORT / FRAUD INCIDENT - AFTER ACTION REPORT

Discussion

Taken as read.

Action Item

Nil

Moved: Mick Jaensch
Seconded: Marilyn Kearney

5.3. ANNUAL PEOPLE AND CULTURE REPORT

Discussion

Management provided the Committee with a summary of the 2023 report, noting four major highlights –

- The third year of participation in the Australasian Management Challenge, aimed at developing Local Government Teams in Australia and New Zealand through real life problem solving
- The tabling of Council's first report with the Commission as Council enters the third year of its Gender Equality Action Plan
- A greater uptake of Occupational Health and Violence reporting that enables Management to focus on key areas. It was also highlighted that Council includes Councillors in its focus and believes that South Gippsland Shire Council is a state leader with this initiative.
- Projects with regional partnership such as other councils and agencies. This has the benefit of shared resourcing, knowledge and training.

The Committee thanked management for the comprehensive report, recognising the significant progress of the organisation and commended management on the collaboration and partnerships initiatives.

Action Item

Nil

Moved: Marilyn Kearney
Seconded: Cr. Jenni Keerie

6. RISK REPORTS

6.1. QUARTERLY RISK MANAGEMENT REPORT

Discussion

Management introduced the report and drew the Committee's attention to the addition of the Child Safety risks following the recommendations from the recent audit.

Action Item

Nil

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

6.2. INSURANCE CLAIMS & UPDATE REPORT

Discussion

Management introduced the report and provided the Committee with an update on the impact of the February storm event and the current processes that are in place for dealing with enquiries from the community.

Action Item

Nil

Moved: Mick Jaensch
Seconded: Cr. Sarah Gilligan

6.3. RED FLAG REPORT

Discussion

The Committee thanked management for the work that has taken place to produce this report but recognised that its content is duplicated in other reports.

The Committee recommended discontinuing this report if it was not adding value to Council and including any compliance risks in the Quarterly Risk Management Report.

Action Item

Report to be removed from the Workplan.

Moved: Marilyn Kearney
Seconded: Mick Jaensch

6.4. BUSINESS CONTINUITY PLAN UPDATE

Discussion

Management introduced the report, noting the storm event that occurred after the time of writing which triggered enactment of the BCP. A review will be undertaken with recommendations for continuous improvement identified and reported to the Committee at a future meeting.

The Committee commended the organisation for their response in supporting the community following such a destructive event.

Action Item

Nil

Moved: Mick Jaensch
Seconded: Marilyn Kearney

6.5. POLICY REVIEWS

Discussion

Management introduced the CEO Employment and Remuneration Policy (C71) for noting by the Committee.

Action Item

The Committee agreed with management that annual review on implementation of the policy is not standard practice and can be removed from the policy in due course.

Moved: Cr. Jenni Keerie
Seconded: Marilyn Kearney

7. GENERAL BUSINESS AND COMMITTEE REPORTS

7.1. DIRECTORATE REPORT - CHIEF EXECUTIVE OFFICE

Discussion

Report deferred to the June 2024 meeting.

Action Item

Report to be included as an Agenda item at the June 2024 meeting.

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

7.2. REVIEW AUDIT AND RISK COMMITTEE MEETING PERFORMANCE

Discussion

The Committee commented on the positive nature of the reports and flow of the meetings. Management in turn thanked the Committee on the constructive nature of the meetings and their continuous improvement suggestions.

To streamline the Questions on Notice process, the Chair advised management that a written response ahead of the meeting date is not required and instead flagged items that will be discussed in more depth on the day.

Action Item

Nil

Moved: Mick Jaensch
Seconded: Cr. Sarah Gilligan

7.3. AUDIT AND RISK COMMITTEE ANNUAL SURVEY REPORT

Discussion

Taken as read.

Action Item

The Committee requested that a free text field for comments be provided for all questions in the 2024 survey that will be distributed at the end of the year.

7.4. AUDIT AND RISK WORK PLAN

Discussion

The Committee suggested that Policies be reviewed out of session to improve timeliness of review.

Action Item

Nil

Moved: Mick Jaensch
Seconded: Cr. Sarah Gilligan

8. OTHER BUSINESS

Other Business items for discussion - none

9. MEETING CLOSED

The meeting was declared closed at 11:33am

NEXT MEETING

The next Audit & Risk Committee Meeting is scheduled to be held on 11 June 2024