

SOUTH GIPPSLAND SHIRE COUNCIL

# Audit and Risk Activity Report



June 2024



South Gippsland  
Shire Council

### 1. Period of this Report

This report covers Audit and Risk Committee (ARC or Committee) activity from 6 December 2024 to 11 June 2024. In that period the Committee has met twice – on 5 March 2024 and 11 June 2024. This report has been reviewed by all Committee members.

### 2. Purpose

This report meets the reporting requirements to Council as mandated by the *Local Government Act 2020* (LGA) pursuant to section 54(5) and importantly provides Council with a summary of the matters that the ARC has addressed in the reporting period in discharging its responsibilities under its Charter.

### 3. Committee Charter

The ARC's Charter is set by Council and was last reviewed and approved by Council in February 2023. The revised Charter became effective on 15 February 2023.

### 4. Committee Business

The agendas for our meetings are driven by the Committee's Annual Work Plan (AWP) and are fulsome. There is always a challenge to complete the agendas for each meeting. At the meetings held in this reporting period, the key (but not all) matters considered are summarised in the table below.

#### Key Matters Considered at Recent Meetings

	Topic
1	CEO Briefings
2	Review of risk management activity in the following areas: <ul style="list-style-type: none"> <li>a) Provided an update on the Business Continuity Plan and a verbal update on the activation of the Business Continuity Plan dated 13 February 2024</li> <li>b) An indication of budget for Insurance Premiums was received with the premiums noted for circulation out of session once received from Council's insurance providers.</li> <li>c) A report outlining Council fraud prevention systems and controls was received.</li> </ul>
3	Review of external audit activity as follows: <ul style="list-style-type: none"> <li>a) Officer progress in closing out audit recommendations</li> <li>b) Consideration of the external audit strategy for the year ending 30 June 2024</li> </ul>
3	Review of internal audit activity as follows: <ul style="list-style-type: none"> <li>a) Monitor delivery of the 2023/24 audit plan</li> <li>b) Monitor officer progress in closing out audit recommendations</li> <li>c) Outcomes of the following scheduled Internal Audit reviews:               <ul style="list-style-type: none"> <li>IT Cyber Essential Eight – Final Report - 22 October 2023</li> </ul> </li> </ul>

4	<p>Monitoring of the financial performance reports</p> <ul style="list-style-type: none"> <li>a) Received an update on the Organisational Performance Report</li> <li>b) Received a report on the financial year end preparedness</li> <li>c) Received a report on the process of assessment of asset valuations</li> </ul>
5	<p>Monitoring of Overarching Governance Principles and review of compliance management matters as follows:</p> <ul style="list-style-type: none"> <li>a) Review and refresh of Council policies and procedures</li> <li>b) Legislative compliance matters</li> <li>c) Adequacy, effectiveness and compliance of internal control environment</li> <li>d) Systems and processes for monitoring compliance with relevant legislation and regulations</li> <li>e) Received the annual update from the Sustainable Infrastructure Directorate</li> </ul>
6	<p>Review of integrity agency reports issued in the reporting period by VAGO, Ombudsman Victoria, IBAC and the Local Government Inspectorate.</p>
7	<p>Review of internal control framework matters as follows:</p> <ul style="list-style-type: none"> <li>a) Fraud and Corruption Reporting</li> <li>b) Process for communicating Council's Code of Conduct</li> <li>c) People and Culture Update</li> <li>d) Review of reimbursement of expenses of Councilors' and members of a delegated Committee</li> <li>e) Report on Councillor &amp; employee gifts, benefits &amp; hospitality</li> <li>f) Overview draft Councillor transition plan</li> <li>g) C71 CEO Employment and Remuneration Policy</li> <li>h) C98 Grant Giving Policy</li> <li>i) C89 – Electronic Surveillance Policy</li> </ul>

## 5. Meetings

The Council Members are Cr Sarah Gilligan and Cr Jenni Keerie, and the independent members of the Committee appointed by Council are Jennifer (Jen) Johanson (Chair), Mick Jaensch, and Marilyn Kearney.

Independent Member and Councillor representative attendance at both meetings has been excellent with all members in attendance for all meetings.

ARC Member and date appointed	Term ends	Role	Meetings	
			5 March 2024	11 June 2024
Jennifer Johanson 23 January 2020	22 November 2026	Chair & Independent Member	Attended	Attended
Mick Jaensch 25 February 2023	February 2026	Independent Member	Attended	Attended
Marilyn Kearney 25 February 2023	February 2026	Independent Member	Attended	Attended
Sarah Gilligan 24 November 2021	October 2024	Councillor Member	Attended	Attended
Jenni Keerie 15 February 2023	October 2024	Councillor Member	Attended	Attended

The Committee enjoys a strong and healthy working relationship with Council officers and would like to express its thanks for the support provided.

The quality of the meeting agendas and papers is high, and officers engage strongly and positively both during and outside meetings. Officer support for the work of the Committee is excellent.

## **6. Key Activities for the Reporting Period**

The work of the Committee continued to be guided by the Annual Work Plan (AWP)) and all matters listed in the AWP for the two scheduled meetings have been addressed. The AWP is reviewed at the end of each meeting to ensure its continued relevance. Key outcomes of the scheduled meetings are summarised below.

### **1. Risk Management**

In addition to the items outlined in the table above, the Committee has considered the quarterly risk management report which provides oversight of the operational and strategic risks and Council's progressing maturity in risk management, an overview of insurance claims and associated trending reports and business continuity updates.

### **2. External Audit**

The Committee considered the draft external audit strategy for the audit of the annual financial report and annual performance statement or the year ending 30 June 2024, and the external audit interim management letter.

There were no significant changes in the proposed audit strategy in comparison to the previous year and the Committee believes that Council is well placed to meet the challenges of the financial year end close for 30 June 2024.

### **3. Internal Audit**

The Committee noted that the status of progress regarding completion of open internal audit recommendations was satisfactory.

## **7. Frequency and Timing of Activity Reports**

As indicated earlier in this report, these reports are required to be provided to Council at least twice per annum.

The Committee is of the view that these reports need to be informative about the business of the Committee and should be provided to Council on a timely basis to assist Council in discharging its responsibilities in the areas for which the Committee is responsible.

Feedback on this report by Council is welcomed, and any suggestions for improvement will be incorporated into future such reports.

## **8. Meeting Schedule for 2024**

The Committee's meeting schedule for 2024 is as follows, with an additional meeting scheduled to focus specifically on the year-end financial reports and processes:

- 5 March
- 11 June
- 20 August
- 17 September
- 3 December

Yours sincerely  
**Jen Johanson**  
**Chair**  
**On behalf of the Audit & Risk Committee**  
**11 June 2024**

SOUTH GIPPSLAND SHIRE COUNCIL

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