

MINUTES

Audit and Risk Committee Meeting

12.45pm Monday 15 April 2024

VENUE:

Online via Teams

NEXT MEETING: Scheduled for 15 July 2024
Location: Yarriambiack Shire Council – Meeting Room
34 Lyle Street Warracknabeal 3393

ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

We acknowledge that the activities of Yarriambiack Shire Council are held under the traditional skies and in the waterways and lands of the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagulk people and Council pays respects to their Elders past, and present.

1 WELCOME

Welcome by Bruce Potgieter Chairperson

2 PRESENT

Bruce Potgieter, Michael Ulbrick, Peter Johnston, Cr Corinne Heintze, Cr Kylie Zanker

Tammy Smith (CEO), Kathie Teasdale (Internal Auditor), Tony Caccaviello (COO), Anita McFarlane (Manager Corporate Services), Bernadine Schilling (Manager People & Culture)

3 APOLOGIES

Joel Turner (Manager Infrastructure and Works)

4 CONFLICTS OF INTEREST

Nil

5 MINUTES OF PREVIOUS MEETING

Resolution

- That the minutes from the February meetings were adopted by the Committee.

6 BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETING

6.1 Schedule of Matters Carried Forward	Update / Outcome	Status
Updates to Committee Charter and Council Risk Appetite Statement as minuted in July 2023 meeting	Risk appetite review – refer 13.1	Closed
Cashflow Forecast to be revised in Quarter 3 Financial and Non-Financial Performance Report	Refer to 11.1	Closed
Future Risk Reports include inherent and residual risks as a comparison.	Reports updated.	Closed
In February 2025 – provide A&R Committee with update on progress with Pool Inspection Compliance.	To be included on February 2025 Agenda	Open

6.1 Schedule of Matters Carried Forward	Update / Outcome	Status
Management Reporting to include an Executive Summary in Agenda to highlight any areas of risk / concern.	Agenda includes Management Reporting Executive Summary.	Closed
Summary of Key Policies be provided to the A&R Committee, extracted from Management Report, outlining what is up to date, due and overdue for their oversight.	Agenda item 18.1 includes full list of policies, including due date.	Closed

7 ANNUAL WORK PLAN

7.1 Items Deferred to Future Meetings	Date	Outcome / Action
Provide the opportunity to meet with councillors in the absence of management	February 2023	Scheduled as part of April 2024 meeting
Review Business Continuity Planning framework and testing regime	April 2024	To be scheduled as part of the next meeting in July 2024.

7.2 Items Brought Forward	Date in AWP	Outcome / Action
NIL		

7.3 Plan Revisions	Date in AWP	Outcome / Action
Report on Committee's activities to Council	February 2023	Update timings to April and October meetings. Scheduled for a report to be provided to Council May Forum.

8 PRESENTATION – BUDGET AND LONG-TERM FINANCIAL PLAN IMPLICATIONS

A report on the high-level assumptions utilised to form the developing Budget for the 2024-25 year, and the implications on the Long-Term Financial Plan was presented

Resolution

- The Audit and Risk Committee noted the report.

Action

- Management to present a summary (1 page) presentation on the future 5 year operating and cash positions at the next meeting

9 CEO REPORT

Refer to Confidential Audit and Risk Committee Minutes – 15 April 2024.

10 COMMITTEE MANAGEMENT

10.1 Review of Committee Charter

The Audit and Risk Committee Annual Work Plan identifies that the Audit and Risk Committee Charter is to be reviewed annually by the Committee. A report provided recommendation on the future inclusion of the topics mentioned in the report.

Resolution

- The Audit and Risk Committee noted the changes made to the Charter as endorsed by Council on 25 October 2023; and
- That the Audit and Risk Committee recommend the following inclusions in the Charter:

Attendance

All Committee members are expected to attend each meeting in person unless:

- the meeting is held entirely virtually at the Chair or CEO's request; or
- a member has obtained approval from the Chair to attend virtually.

The Chair may approve and must not reasonably refuse any request to attend a meeting virtually.

Questions out of session from observers and/or other Councillors

- The Committee welcomes attendance by any Councillor, as an observer, at Committee meetings.
- Councillors who have any questions of the Committee must refer them to the Mayor who will liaise with the Chair for a response.
- Issues may be referred formally by Council to the Audit and Risk Committee for investigation, however individual Councillors cannot refer matters to ARC for investigation or review.

11 FINANCIAL AND PERFORMANCE REPORTING RESPONSIBILITIES

11.1 Financial and Non-Financial Performance Report

A report was provided that presented both the Financial and Non-Financial Performance indicators as adopted in Council's Performance Management Framework and Risk Appetite.

Resolution

- The Audit and Risk Committee noted the report.

12 INTERNAL CONTROL ENVIROMENT

12.1 Significant Changes to Key Systems and Risk Profile Considerations

A report was provided that identified key changes to systems that may impact Council's strategic and operational risks.

Resolution

- The Audit and Risk Committee noted the report.

13 RISK MANAGEMENT

13.1 Review Councils Risk Management Framework and Risk Appetite

The Audit and Risk Committee Workplan requires the annual review of Councils Risk Management Framework and Risk Appetite Statement.

A report was presented following a review of Councils Risk Management Manual has been completed including the Risk Appetite Statement.

The report included an overview of changes recommended to both the manual and risk appetite statement.

Resolution

- The Audit and Risk Committee noted and agreed with the proposed changes to the Risk Management Manual and Risk Appetite Statement.

13.2 Review Council's Risk Profile, Treatment Plans and Risk Register Reports

A report was provided to outline the effectiveness of Council's Risk Management Framework. The report included a status of Council's Strategic Risk register following quarterly review. The report provided details of Council's High and Extreme Operational risks, along with further details on the control measurers in place for these risk.

Resolution

- The Audit and Risk Committee noted the report.

13.3 Essential Eight Assessment and Digital Maturity

A report was presented to the committee on Council's digital maturity in reference to the Essential Eight mitigation strategies designed by the Australian Cyber Security Centre.

Resolution

- The Audit and Risk Committee noted the report.

14 FRAUD PREVENTION SYSTEMS AND CONTROLS

14.1 Review Councils Fraud Prevention Policies, Controls and Instances of Fraud

In accordance with section 54 (2) (c) of the Local Government Act 2020 the Audit and Risk Committee is to monitor and provide advice on risk management and fraud prevention systems and controls. Management reported no instances of fraud or corruption and no official reports of such matters to integrity bodies as of the meeting date. Recommendation

Resolution

- The Audit and Risk Committee noted the report.

15 INTERNAL AUDIT

15.1 Update on Status of Annual Internal Audit Plan

A report on the status of the annual internal audit plan was presented. It was noted that the Assurance Mapping audit was in progress and the Budget Management audit was in progress and expected to be presented at the July 2024 meeting of the committee.

The report noted that Council has endorsed the extension of the Internal Auditor Contract until 30 June 2025.

Council will be required to go out to market, with a tender for the procurement of the internal audit program in the first quarter of the 24/25 financial year.

It was recommended that the two remaining audits be completed in the 24/25 financial year by RSD:

- Roads and Associated Infrastructure Construction Projects – hold points and quality assurance.
- Fraud, Corruption and Financial Internal Controls.

An additional audit that should be considered, that maybe outside of the RSD scope is:

- Information, communication and technology – including social media. This internal audit should test our current ICT contract, assess for risks and inform our next ICT Service provider tender specification.

15.2 Reports on Completed Reviews

Nil

15.3 Scopes Planned Review

Nil

Resolution

- That the Audit and Risk Committee endorse the revision of the scope for the Internal Audit, and request Management seek quotations from suitable providers to undertake the ICT audit, which will include approaching RSD for this quotation.
- The Audit and Risk Committee noted the 2023-24 Internal Audit Program includes 2 audits on Budget Management and Assurance Mapping
- The Audit and Risk Committee noted the 2024-25 Internal Audit Program includes 3 audits on Social Media, System Access and IT Controls, Roads and Associated Infrastructure Construction Projects – hold points and quality assurance and Fraud, Corruption and Financial Internal Controls.

16 REGISTER OF OPEN AUDIT ACTIONS (INTERNAL & EXTERNAL)

16.1 Report on status of Open Audit Actions

A report was presented to update the Committee on the status of Open Internal and External Audit Actions and recommend 1 action for close out.

At the meeting date there were 16 audit action open, 9 classified as current, 7 classified as overdue.

Resolution

- The Audit and Risk Committee noted the report.

17 EXTERNAL AUDIT

17.1 External Audit

A report presented that there was no audit findings outstanding and no further developments to report.

Resolution

- The Audit and Risk Committee noted the report.

Action

- July 2024 meeting to include a progress report on status of external audit from Crowe

17.2 VAGO Reports Impacts on Council

A report was presented to review VAGO Reports and assess if there are any impacts on Council. The report noted the quarter saw the release of Results of 2022-23 Audits – Local Government - This annual report issued by VAGO provides a summary of audit outcomes from the 2022-23 audit period.

Resolution

- The Audit and Risk Committee noted the report.

Action

- Management to present a self assessment against the recommendations from the Results of the 2022-23 Audits – Local Government in the July 2024 meeting

18 COMPLIANCE & GOVERNANCE MATTERS**18.1 Management Reporting**

A report was provided the committee providing updates for each department on the delivery of the Council Plan objectives, Council's other adopted strategies and compliance and legislative obligations across the organisation.

Resolution

- The Audit and Risk Committee noted the report.

18.2 RSD Update – Hot Topics

A report was provided to summarise integrity agency and governing body reports that may impact on Local Government.

Resolution

- The Audit and Risk Committee noted the report.

18.3 Employee Code of Conduct**Purpose**

A report was provided to outline the key processes Council takes to communicate its Employee Code of Conduct to ensure both employees and contractors understand Council's expectations when working for Council and how we monitor compliance.

Resolution

- The Audit and Risk Committee noted the report.

19 REPORTING TO COUNCIL**Action**

- The Chairperson will draft and circulate to members outside of the session a report on Activities of the committee for the period– November 2023 to April 2024

20 GENERAL BUSINESS

Nil

21 REFLECTION ON MEETING OUTCOMES

Nil

22 AGENDA FOR NEXT MEETING

- External Auditors and Audit and Risk Committee Only Time
- Review changes in significant accounting policies and disclosures
- Review Local Govt Performance Reporting Framework changes
- Review of insurance program
- Review of reimbursements of expenses to CEO and Councillors
- Assessment of Committee Performance
- Review of ICT Business Transformation Strategy KPIs
- List of Land for consideration for Sale

23 DATE OF NEXT MEETING

15 July 2024 – Warracknabeal

24 MEETING CLOSE

2.02pm