

# **MINUTES**

## **Audit and Risk Committee Meeting**

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**1pm noon Monday 15 July 2024**

**VENUE:**

**Yarriambiack Shire Council Office, Meeting Room**

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**NEXT MEETING:** Scheduled for 23 September 2024  
12pm - Online  
Special Meeting – Financial Statements

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## **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**

Nil

### **4 CONFLICTS OF INTEREST**

Nil

### **5 MINUTES OF PREVIOUS MEETING**

#### **Resolution**

- That the minutes from the April meetings be adopted by the Audit and Risk Committee.

## 6 BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETING

<b>6.1 Schedule of Matters Carried Forward</b>	<b>Update / Outcome</b>	<b>Status</b>
In February 2025 – provide A&R Committee with update on progress with Pool Inspection Compliance.	To be included on February 2025 Agenda	Open
Management to present a summary (1 page) presentation on the future 5 year operating and cash positions at the next meeting	Refer to Item 9.2	Closed
Progress report on status of external audit from Crowe in the July 2024 meeting	Refer to 15.1	Closed
Management to present a self assessment against the recommendations from the Results of the 2022-23 Audits – Local Government in the July 2024 meeting	Update to be presented by management in October 2024	Open
List of Land for consideration for Sale	Update to be presented by management in October 2024	Open

## 7 ANNUAL WORK PLAN

<b>7.1 Items Deferred to Future Meetings</b>	<b>Date</b>	<b>Outcome / Action</b>
Review Business Continuity Planning framework and testing regime	April 2024	Refer to 11.4

<b>7.2 Items Brought Forward</b>	<b>Date in AWP</b>	<b>Outcome / Action</b>
NIL		

<b>7.3 Plan Revisions</b>	<b>Date in AWP</b>	<b>Outcome / Action</b>
NIL		

## **8 COMMITTEE MANAGEMENT**

### **8.1 Adopt Committee Work Plan**

A report was provided on the work plan for the 2024-25 financial year.

#### **Resolution**

- That the Audit and Risk Committee adopt the Annual Work Plan for 2024-25

## **9 FINANCIAL AND PERFORMANCE REPORTING RESPONSIBILITIES**

### **9.1 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**

- That the Audit and Risk Committee note the Financial and Non-Financial Performance Report.

#### **Action**

- Management to present a plan for delivering the carry forward capital works program at the September meeting.

### **9.2 Long Term Financial Plan**

A report was presented on the Long Term Financial Plan (LTFP) and its underlying assumptions. This includes the cashflow projection for the next 10 years.

#### **Resolution**

- That the Committee note the Long Term Financial Plan and underlying assumptions
- That the Committee recognises financial viability as a significant risk to Council

#### **Action**

- Management to provide the committee with the results of detailed internal review of key challenges with service delivery and capital delivery over the next 5 years. The review should consider service delivery and identify core vs non core services. It should also consider capital works expenditure level in comparison to depreciation and what the minimum spending needed to maintain the assets in their current state. The report is to be presented at the February 2025 meeting of the committee.

### **9.3 Review Changes in Significant Accounting Policies and Disclosures**

The report assessed the impact from the changes to Accounting Standards.

Management has reviewed the technical updated provided by VAGO noting no significant impacts on Council's accounting policies.

**Resolution**

- That the Audit and Risk Committee note the report.

**9.4 Review Local Government Performance Reporting Changes**

A report was prepared to inform the Audit and Risk Committee of changes to the LGPR framework.

The practice note provided is still relevant from 12 months ago when this review was last perform. The changes have no significant impact with this data already collected and reflected in model sector performance reports.

**Resolution**

- That the Audit and Risk Committee note the report.

**10 INTERNAL CONTROL ENVIROMENT****10.1 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**

- That the Audit and Risk Committee note the report

**11 RISK MANAGEMENT****11.1 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**

- That the Audit and Risk Committee note the report.

**11.2 Risk Assessment – Start Time Operations Team**

A report presented a risk assessment undertaken in regard to the starting times of the outdoor/operations staff at Council. The start time for the outdoor/operations staff is 6.30am across the year.

**Resolution**

- That the Audit and Risk Committee note the report

**11.3 Review Insurance Program**

A report outlined Council's insurance policy coverage and any areas where insurance coverage may be limited or increases Council's risk exposure

**Resolution**

- That the Audit and Risk Committee note the report

**11.4 Review Business Continuity Planning Framework and Testing Regime**

The report outlined the effectiveness of Council's Business Continuity Plan and the review and testing process undertaken to support the objectives within the plans.

**Resolution**

- That the Audit and Risk Committee note the report

**12 FRAUD PREVENTION SYSTEMS AND CONTROLS****12.1 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.

**Resolution**

- That the Audit and Risk Committee note the report

**13 INTERNAL AUDIT****13.1 Update on Status of Annual Internal Audit Plan**

A report on the status of the annual internal audit plan was presented.

**Assurance Mapping**

- Status: in progress
- Report presented to Committee
  - Full Report - October 2024
- Information, communication and technology – including social media –
  - Status: in progress
  - Report presented to Committee: October 2024
- Roads and Associated Infrastructure Construction Projects
  - hold points and quality assurance.
  - Report presented to Committee: February 2025
- Fraud, Corruption and Financial Internal Controls.
  - Scope required
  - Report presented to Committee: April 2025

### 13.2 Reports on Completed Reviews

The Budget Management Internal Audit Final Report was presented with management actions outlined to address each finding. All recommendations have been accepted and target dates for completion of action have been set and are realistic.

A draft Assurance Map was presented to the committee for feedback, with the final report to be included in the October 2024 agenda.

#### Resolution

- That the Audit and Risk Committee note the report and identify the Actions to be included on Council Audit Action list from the Budget Management Internal Audit.

#### Actions:

- Management to present findings from – Recommendation #3 - Service Plan consolidation and review at October 2024 meeting
- Management to present findings from Recommendation #4- Review of centralised costing and actions undertaken at October 2024 meeting

### 13.3 Scopes Planned Review

The scope of Roads and Associated Infrastructure Construction Projects was presented for approval

#### • Resolution

- That the Audit and Risk Committee endorse the scope of the Roads and Association Infrastructure Constructions project internal audit.

#### Actions

- Fraud, Corruption and Financial Internal Controls Internal Audit scope to be presented at October 2024 meeting

## 14 REGISTER OF OPEN AUDIT ACTIONS (INTERNAL & EXTERNAL)

### 14.1 Report on status of Open Audit Actions

#### Purpose

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

At the meeting date there are a total of 7 audit action open, all classified as overdue. Two overdue action has been cleared since the last meeting and one action has reached overdue status.

#### The following actions were recommended to be marked as closed

Audit ID	Audit Name	Register	Task ID	Task Description	Comment
37	Business Continuity & DR 2022/23	Internal	37-7	BCP Training and Education	BCP Training refresher held with key staff in July 2024, will be scheduled annually.

Audit ID	Audit Name	Register	Task ID	Task Description	Comment
					Induction checklist updated.
41	Complaint Handling	Internal	41-1	Vic Ombudsman's Review of Complaint Handling Practices and Procedures	3 supporting process around complaint handling implemented
42	Animal Welfare Victoria – Pound Inspection	External	42-1 42-6 42-7 42-8	Completion of work plan	All tasks in workplan have been completed included rectifying fence high, exercise yard and drainage outlet.
43	Risk Management	Internal	43-1	Review Control Effectiveness process as part of quarterly review	Implemented process with risk owners.
43	Risk Management	Internal	43-2	Risk Appetite and Target Risk Level guidance in Risk Management Manual	Implemented in updated Risk Management Manual and endorsed at May 2024 Council Meeting
43	Risk Management	Internal	43-3	Risk Management Manual Improvements	Implemented in updated Risk Management Manual and endorsed at May 2024 Council Meeting

### Resolution

- That the Audit and Risk Committee approve the actions presented in the report be marked as closed.

## 15 EXTERNAL AUDIT

### 15.1 External Audit Progress Update

A report provided on update on any audit findings that are open. No audit findings are outstanding and no further developments to report.

### Resolution

- That the Audit and Risk Committee note the report.

### 15.2 VAGO Reports Impacts on Council – Asset Valuation

A report was presented to review VAGO reports and assess if there are any impacts on the Council. The report included a detailed report on Council's detailed asset revaluation review.

### Resolution

- That the Audit and Risk Committee note the report.

## 16 COMPLIANCE & GOVERNANCE MATTERS

### 16.1 Management Reporting

A report presented a summary of the management reporting on key performance indicators that impact the delivery of the Council Plan objectives, Council's other adopted



strategies and compliance and legislative obligations. Monitoring such activities enables the CEO, COO and Councillors to address, and to understand and manage compliance and liability risks.

**Resolution**

- That the Audit and Risk Committee note the report.

**16.2 RSD Update – Hot Topics**

The report presented integrity agency and governing body reports that may impact on Local Government.

**Resolution**

- That the Audit and Risk Committee note the report.

**16.3 Review reimbursements of expenses to CEO and Councillors****Purpose**

The report presented identified the expense reimbursements made to the CEO, Councillors and Members of Delegated Committees.

**Resolution**

- That the Audit and Risk Committee note the report.

**17 REPORTING TO COUNCIL**

Nil

**18 OTHER MATTERS****18.1 Review ICT, Business Strategy and Transformation Strategy KPI's****Purpose**

The report provided an update to the Audit and Risk Committee on the status of ICT projects identified in the ICT and Business Transformation Strategy.

Council has commenced 47 of the 48 actions aligned with the strategy and has completed 31 actions with 6 classified as ongoing and 10 classified as partially complete. Council Officers are progressing well against timelines and tasks as identified in the strategy.

**Resolution**

- That the Audit and Risk Committee note the report.

## 19 GENERAL BUSINESS

Natural Disaster/DRFA Claim – verbal update was provided on the status of the claim which is still pending.

### Action

- DRFA Claim updates to be provided to the committee in future agendas

## 20 REFLECTION ON MEETING OUTCOMES

The committee noted that the quality of the reports, presentations and agenda pack.

## 21 AGENDA FOR NEXT MEETING

### 23 September 2024

- Review Annual Financial Report and performance statement
- Review outcomes of external audit with management and the auditors
- Recommend adoption of annual financial report and performance report
- Discuss any audit issues encountered during course of audit
- Meet with external auditor in absence of management

### 14 October 2024

- Meet with internal auditor in absence of management
- Review performance of external auditor
- Report on Committee's activities to council
- Self-Assessment – Recommendations from VAGO's 2022-23 Audits Local Government
- List of Land for consideration for Sale
- Essential Eight Assessment and Digital maturity

## 22 DATE OF NEXT MEETING

23 September 2024

## 23 MEETING CLOSE

2.36pm close