

MINUTES

Audit and Risk Committee Meeting

3.00pm 21 April 2022

VENUE:

Yarriambiack Shire Council, Council Chambers, 34 Lyle Street Warracknabeal 3393

NEXT MEETING: Scheduled for 21 July 2022 at 3.00pm
Yarriambiack Shire Council, Council Chambers, Warracknabeal

ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

We acknowledge and pay respect to the traditional owners of the lands we meet on, for us here in Yarriambiack, that is Wotjobulok country and we pay respect to Elders past, present and emerging.

1 WELCOME

Welcomed by Geoff Harry, Interim Chairperson.

Acknowledgement of James Gregson resignation, who was Chairperson and Member of the Audit and Risk Committee for nine years.

There is a planned Council presentation on 27 April 2022 for James, where the Mayor will formally acknowledge James for his service to the Council.

The Chair acknowledged the appointment of Tammy Smith as the Chief Executive Officer of the Shire.

2 PRESENT

In person: Geoff Harvey (Chair), Diane Connolly, Kylie Zanker (Mayor), Tammy Smith (CEO), Anita McFarlane (PAO), Gavin Blinman (DCDW) and Michael Evans (DAO).

Online: Simon Coutts, Martin Moynihan, Kathie Teasdale (Internal Audit), Martin Thompson (external Auditor), Cr Karly Kirk, Paul Brumby (Acting DBSP).

3 APOLOGIES

Nil

4 CONFLICTS OF INTEREST

Nil

5 ANNUAL WORK PLAN

The Annual work plan was provided as an attachment to the workplan and noted by the Committee with no changes recommended.

5.1 Items Deferred to Future Meetings	Date	Outcome / Action
None		

5.2 Items Brought Forward	Date in AWP	Outcome / Action
None		

5.3 Plan Revisions	Date in AWP	Outcome / Action
None		

6 MINUTES OF PREVIOUS MEETING

Motion: Minutes of previous meeting held on the 17 January 2022 be confirmed.

Moved: Diane Connolly **Seconded:** Martin Moynihan **Outcome:** Carried

7 BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETING

7.1 Schedule of Matters Carried Forward	Update / Outcome	Status
Item 19.4 Gifts, Benefits and Hospitality Register - All Early Years staff to ensure they submit their forms no later than 31 January 2022.	The Executive Assistant identified that there was a significant increase in the number of forms received to in January related to gifts received in December 2021.	Closed
January Meeting - Item 12 - Risk Deep Dive	This item has been held over until the July Audit and Risk Committee meeting.	Carried forward

8 CEO REPORT

The CEO report outlined the following:

- a) Council is experiencing limited suppliers tendering to delivery contracts with Council. This is placing increased pressure on Council to meet funding milestone obligations.
- b) Council is experiencing significant increases in Tender pricing. This is due to cost estimates being derived up to 18 months prior to tenders being released. There have been significant price increases between funding applications and going to market to procure the goods and services.
- c) Council is in the process of assessing the potential impact of changes to the Commonwealth Home Support Program, as the Commonwealth Government moves towards the Support at Home program model to commencing from 01 July 2023.
- d) The recent consultation process to inform the Road Management Plan and Road Hierarchy Review identified that the increase in Council's capital works program is impacting on Council to deliver on its maintenance grading and tree trimming program, which in turn has impacted the primary producing sector of the Shire. During the budget consultation period Council will be considering how to increase the maintenance program to mitigate community concerns.
- f) With the appointment of Tammy as the CEO, the Director Business Strategy and Performance position becomes vacant. The position is currently being filled by a contractor and the recruitment process will begin in late May/June utilising a recruitment agency.
- g) Council has received the Regional Infrastructure Funding (RIF) for \$2.8million to deliver Council's affordable housing project of \$3.8million. Indicative pricing increases have identified we may not be able to deliver the 14 houses as outlined in the funding agreement.

Action

The Audit and Risk Committee noted the report.

9 FINANCIAL AND PERFORMANCE REPORTING RESPONSIBILITIES

9.1 Financial and Non-Financial Performance Report

The report included both the Financial and Non-Financial Performance indicators as adopted in Council's Performance Management Framework and Risk Appetite.

Discussion

Committee discussed adding cashflow forecasting to the cashflow statement to provide an outlook on forecast cash flows for the full budget year. It was confirmed that when the budget is prepared for 22/23 a cashflow forecast will be included as part of that process.

Management will explore the option of including a cashflow forecast as part of the quarterly reporting to the Committee in October, based on the adopted budget forecast.

Management will also include at the half year mark, income and expenditure forecasts versus budget for the remainder of the year.

Discussed carry forward projects and being mindful of delivery timeframes and resourcing.

Action

The Committee noted the Financial and Non-Financial Performance Report.

10 INTERNAL CONTROL ENVIROMENT

10.1 Significant Changes to Key Systems and Risk Profile Considerations

The Committee noted the amendments to the procurement policy, tasks undertaken that align with the ICT strategy, ICT system matters and improvements to the Building and Planning software system.

It was noted that Council is undertaking a quarterly review of the Essential Eight Maturity Model that has been developed by the Australian Cyber Security Centre. Council is aiming to achieve a Level Two compliance status.

Action

- a) That the Essential Eight Status Report be presented to the Audit and Risk Committee next meeting and every half year thereafter.
- b) That an update be provided at the next meeting of the Audit and Risk Committee on the status of the Building and Planning system improvements.
- c) An update be provided to the Audit and Risk Committee on the ICT Strategy Actions at the next meeting.
- d) The Audit and Risk Committee noted the report.

11 RISK MANAGEMENT

11.1 Effectiveness of Councils Risk Management Framework

Council reviewed its Risk Management Strategy, Policy and Procedure and adopted an integrated approach and revision on 25 August 2021 incorporating all three documents in the Risk Management Manual. The process for developing and assessing risks is documented within the manual and is aligned to Council's Risk Management software RelianSys.

Council's ten strategic risks and operational risks have been developed and adopted and are included in the RelianSys software. All Audit and Risk Committee Members have reported

accessing the software to review the strategic risk register and the control measures and treatment plans for each risk.

Risk Appetite

The risk appetite for Council was developed with the adoption of the Risk Management Manual. The risk appetite was utilised to build the Non-Financial Performance indicators of Council and assists with the monitoring of Council's strategic risks.

The Risk Appetite of Council has been implemented for 6 months

All changes to Council's risk profile, the status of control measures and the effectiveness levels are reported quarterly within the Executive Summary of the Financial and Non-Financial Performance Report.

Matters Identified to Trigger Review of Risk Assessment

Four matters as listed below were discussed:

- 1) Hotmix – Hopetoun-Yaaapeet Road
- 2) Spraying of Weeds
- 3) Engage Funding
- 4) Housing Project

Action:

- a) That the Audit and Risk Committee review the current risk appetite settings at the August 2022 meeting.
- b) That the Audit and Risk Committee be provided with an update on the status of the Weed Spraying incident at the next meeting, and in particular the status of any legal action taken by the owner of the property.
- c) Provide an outline of the social and affordable housing projects to the Audit and Risk Committee members outside of session.
- d) The Audit and Risk Committee noted the report.

11.2 Business Continuity Report

The Committee was provided with an update on the status of the Business Continuity Report.

Action

The Audit and Risk Committee noted the report.

12 FRAUD PREVENTION SYSTEMS AND CONTROLS

Report tabled.

Action

The Audit and Risk Committee noted the report.

13 INTERNAL AUDIT

13.1 Progress Report on Delivery of Internal Audit Plan

An update to the Audit and Risk Committee on the status of the internal audit program as of 12 April 2022 was provided by the Internal Auditor.

Action

The Audit and Risk Committee noted the report.

13.2 Reports on Completed Reviews

The report on the Internal Audit – Service Planning review was presented to the Audit and Risk Committee.

Action

- a) The Audit and Risk Committee noted the report.
- b) The Internal Auditor will provide management with a proforma for the Service Plan template to assist officers in closing out agreed actions in the report.
- c) A list of Service Plan areas will be provided to the Audit and Risk Committee out of session.

13.3 Scope of Planned Reviews

Occupational Health and Safety Project Scope presented. No change requested.

Action

The Audit and Risk Committee noted the Project scope.

13.4 Strategic Internal Audit Plan

The Strategic Internal Audit program from 2022 to 2025 was provided to the Audit and Risk Committee for review.

Management did not propose any changes to the plan.

Action

The Audit and Risk Committee noted the plan and confirmed that it remains relevant based on Council's reported risk profile.

14 EXTERNAL AUDIT

14.1 External Audit Update

The external auditor provided an update on the status of the 2021/22 audit and indicated that the interim audit visit will be completed within the next few weeks. Council can expect to receive the interim Management Letter prior to the next Committee meeting.

Action

The Audit and Risk Committee noted the report.

15 REGISTER OF OPEN AUDIT ACTIONS (INTERNAL & EXTERNAL)

Report on status of Open Audit Actions

The Committee received a reformatted briefing paper on the status of open internal audit actions. The Committee agreed the new format provides more informative information about open items.

The Committee noted that one extreme audit action and four high audit actions remain open.

The Audit and Risk Committee highlighted the importance of closing out these actions. Officers indicated that plans are in place to complete these actions within the next few months and also indicated that appropriate resources would be allocated to ensure that this can happen.

Actions

The Audit and Risk Committee noted the report and endorsed the extension of time requests for completion of actions.

16 COMPLIANCE MATTERS

16.1 Review of Systems and Process to Monitor Compliance with Legislation and Regulations

The Committee considered the first time report on the status of actions for legislative obligations as recorded in Council's RelianSys system. It was agreed that there are many open obligations requiring action and the Committee noted that plans are in place to make significant progress on completing these prior to the next Committee meeting.

Action

- a) That the Audit and Risk Committee noted the report and accept the agreed completion dates as assigned in the report.
- b) That the Audit and Risk Committee after next meeting, consider receiving the report bi-annually.

16.2 Employee Code of Conduct

Action

That the Audit and Risk Committee noted the report.

16.3 RSD Update – Hot Topics

Action

That the Audit and Risk Committee note the report.

16.4 CCTV Report

Action

That the Audit and Risk Committee noted the report.

17 COMMITTEE MANAGEMENT – REVIEW CHARTER

The purpose of the Charter review was to reflect the changes that have been discussed and agreed during the Audit and Risk Committees training session with independent ARC consultant, Geoff Harry. The Chair provided an overview of the reasons for the proposed changes.

Action

Motion: The Audit and Risk Committee accepted the proposed changes and endorsed the revised Charter to Council for adoption.

Moved: Diane Connolly **Seconded:** Martin Moynihan **Outcome:** Carried

18 OTHER MATTERS**18.1 Insurance**

Action: The Audit and Risk Committee to be presented with a report outlining any areas of insurable risk not included in Council's annual insurance programme at the October meeting.

18.2 Reporting to Council

A template Audit and Risk Committee Council Report will be provided to the CEO by the Interim Chair to provide a basis for Committee biannual activity reports to Council.

19 GENERAL BUSINESS

Nil

20 REFLECTION ON MEETING OUTCOMES

Nil

21 AGENDA FOR NEXT MEETING

Nil

22 DATE OF NEXT MEETING

21 July 2022 in person.

23 MEETING CLOSE

5.35pm